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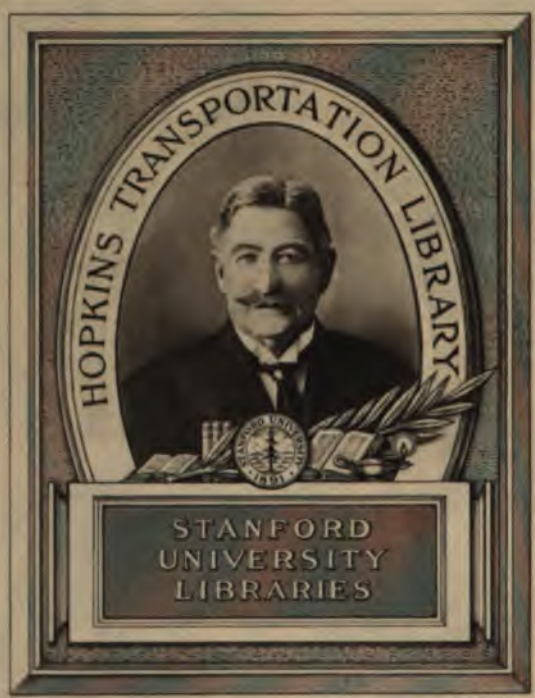
ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

B. OLNEY HOUGH
Editor, *American Exporter*
Author, *Practical Exporting*
Exporters' Gazetteer of the World

PART 4

FOREIGN TRADE PRACTICES
AMERICA'S TRADE OPPORTUNITIES



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Joel V. Berreman, Esq.

OCEAN TRAFFIC AND TRADE

B. OLNEY HOUGH
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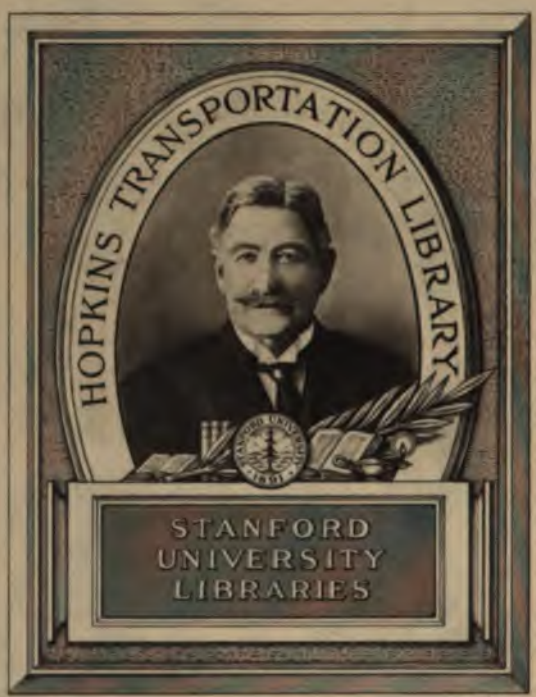

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CONTENTS

Marine Insurance

Page

1. Necessity of Marine Insurance.....289
2. Rise and Progress of Marine Insurance.....290
3. American Marine Insurance Companies.....292
4. Risks and Rates.....294
5. How Marine Insurance Is Effected.....300
6. The Marine Insurance Policy.....303
7. Average
   (a) General Average 311
   (b) Particular Average 315
8. The Memorandum 316
9. Special Clauses 318
10. Insurance Claims 322

Test Questions 326

Maritime Policy of the United States

1. History 327
2. Development and Prosperity of American Shipping 330
3. Decline of American Shipping.....332
4. Shipping Developments after the Civil War.....336
5. Ocean Mail Act of 1891.....336
6. Shipbuilding in the United States.....338
7. Governmental Assistance to a Merchant Marine..340
8. Ship Subsidies 343
9. Shipping Policy of the United States.....347
10. The Navigation Laws.....349

Test Questions 353

CONTENTS—Continued

The Finances of Shipping Companies

Page
1. An Era of Small Profits.....355
2. High Ocean Freight Rates.....357
3. Profits and Losses of Some Well-Known Lines...358
4. Speculative Aspects of the Shipping Business....360
Test Questions 362

Getting Foreign Business

1. Introduction 363
2. Four Ways of Obtaining Export Orders
(a) Traveling Salesmen and Work among Export Commission Houses 364
(b) Advertising for Foreign Trade.....364
(c) Foreign Correspondence 367
Test Questions 376

Developing Export Trade

1. Traveling Salesmen for Foreign Territories
(a) Qualifications of Salesmen.....378
(b) Expense of Salesmen.....380
(c) Shipping Samples 381
(d) Combination Salesmen 383
(e) Following Up Salesman's Work.....385
2. Local Resident Agents Abroad.....386
3. Export Commission Houses.....389
4. Manufacturers' Export Agents.....392
Test Questions 392

Foreign Credits and Collections

1. Payment for Export Invoices
(a) How to Secure Confirmed Credit.....396
(b) Open Accounts 399
(c) Documentary Bills of Exchange.....401
2. Foreign Exchange Brokers.....409
Test Questions 411

CONTENTS—Continued

America's Opportunity in the Markets of the World

Page

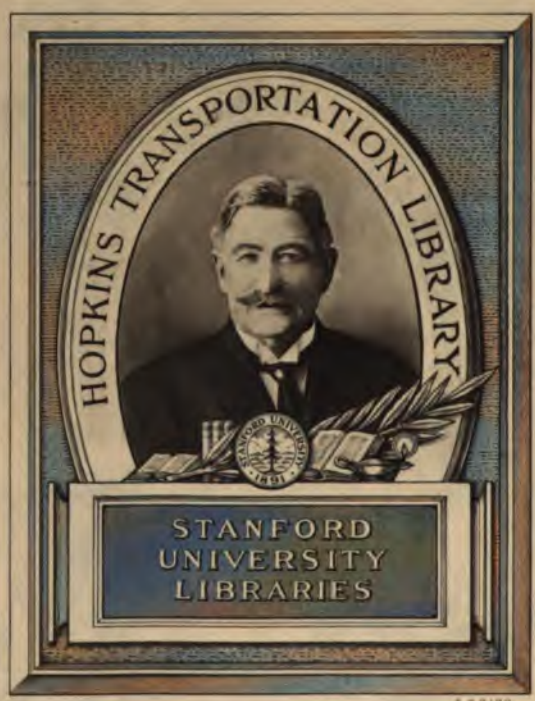
1. Introduction 412
2. America's Duty 413
3. Foreign Needs 414
4. Pessimism vs. Optimism 415
5. Financing Problems 418
6. Reduced Resources of Foreign Buyers 422
7. Our Share of Reduced Trade 423
8. The World Markets 425
9. Kinds of Goods Available 427
10. The Opportunity 428

Test Questions 429

Suggestions for Further Study 431

Appendix A 433

Index 447



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1922

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2. Rise and Progress of Marine Insurance

Everybody is familiar with fire and life insurance and the many recent elaborations of insurance protection. While marine insurance is by far the most ancient of all, it is, in general, the least understood. The principle is so ancient that its origin is completely lost. Those great financiers, the Lombards, after they had engaged in and perfected the business at home for two hundred years, introduced it to England in the fifteenth or early sixteenth century. It quickly took firm root in all the commercial centers of Europe. Even the word insurance is of Italian origin, as is policy (from the Italian equivalent of a promise). Early merchants in the American colonies insured their ventures in London. Philadelphia and Boston are rivals in claiming the first local insurance office, the one in 1721, the other in 1724. Even as late as the first years of the American Republic, this business was done, as in London, through underwriters. Very quickly, however, the insurance company developed in this country and the older and far more complex system was forgotten in America.

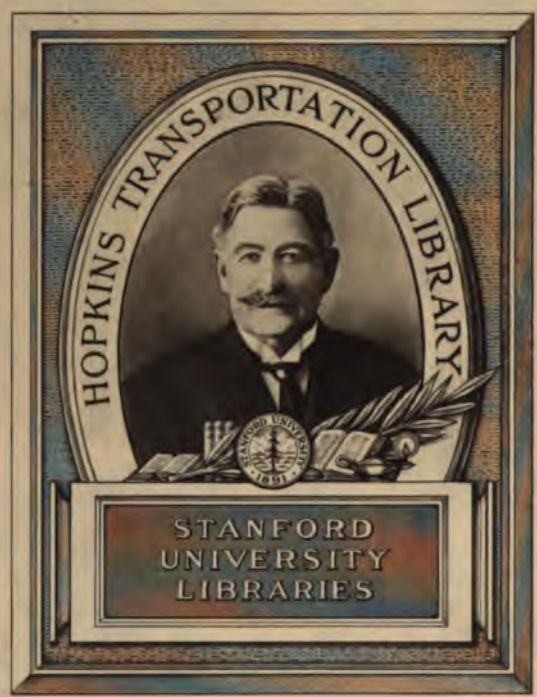
"Lloyd's" is synonomous with marine insurance the world over; "Lloyd's agent" is to be found in every port distinguished on the most elaborate map and in many that appear only on mariners' charts. The existing Corporation of Lloyd's developed from Lloyd's Association of Underwriters, formed in 1770 to correct an abuse known as "wager policies." These had grown up among the brokers and underwriters who had made their chief meeting place since 1692, at least, in one of those great news marts of the day, a popular coffee house established by Edward Lloyd in London.

The most reliable historian of Lloyd's declares that Edward Lloyd "was at least not a mere 'coffee house keeper' but a man of literary attainments who established and conducted more than one newspaper." Lloyd's News was permanently established in 1726 (a venture in 1696 having lasted only a few months), and in the form of Lloyd's List still flourishes, the oldest existing paper but one.[2]

At Lloyd's headquarters of today in the Royal Exchange, the "hub" of the marine insurance business of the world, there gather perhaps 400 members, each carrying on a marine insurance business in very much the same fashion as that of two hundred years ago. No one man assumes great liability on any single risk. Every risk is covered by many different underwriters, each in his own name taking a small share. Lloyd's as a corporation does no insuring. Here is the process followed:

An English merchant, on shipping goods, sends to the Royal Exchange a memorandum giving particulars of the shipment, kind of goods, number of packages, values, destination, rate of premium desired, etc. This is put into the hands of a broker who despatches one of his clerks on a tour around the desks of the other members. Those who wish to "take a line" on that particular risk initial the "slip," as it is called, that is, underwrite it, with the proportion of the total each wishes to assume—perhaps £50, perhaps £100 or £200, seldom more, except in risks involving very large amounts of money. Five or six underwriters usually cover a risk of $2,000, twenty one of $10,000. The broker then sends a "covering note" to the shipper, serving until a regular policy can be made

[2] Martin, Frederick, *The History of Lloyd's.*



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1922

(5-192)

83ST2 005 I
82 53 XL 3423

and shipbuilding interests.[5] It is true that Lloyd's early pronounced themselves in favor of lower rates on iron than on wooden steamers and that that practice worked to the disadvantage of American vessels, clinging to wooden construction, as we did, long after it had been abandoned in Great Britain. It is true, too, that Lloyd's gave steamers an advantage over sailers, greatly to the irritation of some American interests, particularly those in our Pacific Coast grain trade. But it is difficult at this time to believe that this was a deep-laid plot to kill off American shipping competition. Moreover, it is noteworthy that our own insurance companies of today ridicule the idea that Lloyd's classification of vessels or British insurance rates have or ever did have any connection with either our shipbuilding or our marine insurance business. The chief complaint of American companies at present is that their foreign, especially their British, competitors give a higher rating to some ships than our own authorities believe to be warranted. They insure doubtful risks, hulls of no matter what nationality, American or European, at lower premiums than American companies will accept.

4. Risks and Rates

The cost of protection by marine insurance is a necessary charge both on the carrier and on the cargo. Policies are written both on the hull and on the goods carried and protect primarily against fire and perils of the sea. Many of the large steamship companies insure their own

[5] Notably, by W. W. Bates in his *American Marine* (1892) and W. L. Marvin in *The American Merchant Marine* (1902), some of whose arguments and predictions now appear in retrospect distinctly amusing.

CONTENTS

Marine Insurance

Page

1. Necessity of Marine Insurance.....289
2. Rise and Progress of Marine Insurance.....290
3. American Marine Insurance Companies.....292
4. Risks and Rates.....294
5. How Marine Insurance Is Effected.....300
6. The Marine Insurance Policy.....303
7. Average
   (a) General Average 311
   (b) Particular Average 315
8. The Memorandum 316
9. Special Clauses 318
10. Insurance Claims 322

Test Questions 326

Maritime Policy of the United States

1. History 327
2. Development and Prosperity of American Shipping 330
3. Decline of American Shipping.....332
4. Shipping Developments after the Civil War.....336
5. Ocean Mail Act of 1891.....336
6. Shipbuilding in the United States.....338
7. Governmental Assistance to a Merchant Marine..340
8. Ship Subsidies 343
9. Shipping Policy of the United States.....347
10. The Navigation Laws.....349

Test Questions 353

quarter of 1 per cent to 1½ per cent, although as much as 3 or even 5 per cent may be charged in some exceptional cases. Figure 47 exhibits the rates of marine insurance charged on the cargoes of sail and steam vessels sailing from the port of New York to domestic and foreign ports during the year 1912 as published by the Chamber of Commerce of New York.

From New York to	Sail	Steam
Boston	½@①1	1/10@ ¼
Providence	¼@ ⅜	1/10@ ⅛
Baltimore	¼@ ¾	1/10@ ¼
Pensacola	1½@2	¼@ ⅜
Mobile	1¼@2½	2/10@ ½
New Orleans	1¼@2½	⅛@ ½
Galveston	1¼@2½	⅛@ ½
San Francisco	3 @3½	1¼@2¼
San Francisco via Isthmus	.....	½@ ¾
London	¾@2½	¼@1
Liverpool	¾@2½	¼@1
Glasgow	¾@2½	¼@1
Havre	¾@2½	¼@1
Hamburg or Bremen	1 @2½	¼@1½
Bordeaux	1 @2	3/10@1
Genoa	1 @1¾	3/10@1½
Trieste	1½@2½	½@1¼
Smyrna	1½@2½	½@1¼
Cape Town	2 @2½	⅝@1¼
Canton or Hong Kong	2¼@4	⅞@3
Shanghai	2¼@4	1 @3
Japanese ports	2¼@4	1 @3
Vera Cruz	2 @2½	4/10@1
Colon	2 @2½	3/10@1
Havana	1½@2½	¼@ ¾
Port-au-Prince	2½@4	⅞@1¾
Rio de Janeiro	1¼@1¾	½@1
Bahia	1½@1¾	½@ ¾
Valparaiso via Cape Horn	2½@3	1¼@3
Honolulu	2½@3½	1¼@1¾
Honolulu via rail to San Francisco	.....	½@1½
Ports in Central America via Isthmus	.....	3/10@1¼

①½@ means ½ to.

Fig. 47.—Rates of Marine Insurance Charged on the Cargoes of Sail and Steam Vessels Sailing from the Port of New York to Domestic and Foreign Ports during the Year 1912, as Published by the Chamber of Commerce of New York

Rates on inland waterways, particularly on some of our rivers, are naturally and for obvious reasons fluctuating and high. A good deal of complaint is heard on this account which, strangely enough, seems to be based chiefly on a comparison of freight charges with insurance premiums. The author confesses himself unable to understand how a comparison can be established between freight rates, based on weights, and insurance premiums, assessed on the value insured. It seems that it might be altogether possible to quote examples of goods of high value and little weight on which the insurance charge would actually exceed the cost of carriage.

Export goods are almost invariably insured under and as per instructions from foreign buyers. In the absence of any instructions, they must still be insured in some fashion and the shipper then usually secures such form as he thinks best. Large importers in other countries often insure their own shipments, e. g., under what is known as an open policy. In any case, as the importer pays the cost of insurance, he has the right to dictate what protection he desires. However, shippers must or should often guide their foreign consignees in this respect.

Customers of American houses sometimes instruct insurance against all risks under the impression that that term means literally what it seems to imply. In reality, no such insurance is possible. Marine insurance covers losses from fire on board ship or those caused by the elements or unavoidable accidents. Damage may occur, for example, through improper stowage of cargo, which no insurance policy covers. For such damage the shipowner, not an insurance company, should be held responsible.

Not only are goods shipped by water protected by insurance for their full value, but that value is increased by the actual or estimated cost of inland and ocean freight, insurance, and other charges, and further by an allowance on the gross amount of 10 (often in the Australian and in some other trades, 20) per cent to cover the estimated profit and other contingencies, even if the duties are not insured. Thus, to give a concrete illustration, application for insurance is usually calculated on such a basis as the following:

Manufacturer's invoice		$600.00
Freight to seaport, putting on board, etc		23.00
Insurance, commissions, etc		21.00
		$644.00
	Plus 10%	65.00
		$709.00

(Usually insured for $725.00)

In order to provide for complete indemnity, it is necessary to insure in such a sum as will represent the invoice cost and charges plus the duty and expected profit, all of which enter into the gross sound value. In some countries duties must be paid before damages can be discovered, or even on the sound value of the goods when they are badly damaged. Hence, it is advisable to insure the duties in such cases. This must never be done, however, without the approval of the importers, for the reason that complaint of the additional cost of such insurance and refusal to pay are likely to follow.

To HAGEDORN & CO., INSURANCE BROKERS,

6 HANOVER STREET, NEW YORK.

ASE INSURE $_____ DUTY AND/OR FREIGHT $_____

E VALUE_____

D FROM_____

ENTERED_____
BILLED_____
EXPIRATION NOTED_____
REPORTED_____
UNW. INDEXED_____
FGN. REG.____ FOLIO NO____

F LADING DATED_____

YOURS TRULY,

ORK, _____ 191

WESSELS, KULENKAMPFF & CO

Per_____

3.—Specimen Note of Advice to Broker (or Company) Requesting Insurance on a Specific Shipment of Goods

5. How Marine Insurance is Effected

To secure advantageous rates as well as to arrange special features of protection, large shippers generally employ brokers rather than try to deal directly with the marine insurance companies. Such brokers receive from the companies a commission on the premiums paid, usually at the rate of 2½ to 5 per cent. Through the handling of large amounts and their familiarity with practices of sundry shippers as well as the different insurance companies, they often offer advantages and always save time and work. The selection of the insuring company should be, to some extent, guided by its foreign agents. A company that has an agent at the port of destination is to be preferred.

In securing marine insurance the shipper sends to his insurance broker (or direct to a company with which an understanding has been arranged) a memorandum[7] stating the particulars of the risk to be covered. In due course a Certificate of Insurance will be returned, certifying that the shipment in question has been insured under a certain policy number. The certificate represents this original policy conveying all of its rights so far as it concerns the collection of any loss or claims. The certificate, as well as the policy, is drawn in the name of the party insured, almost always the shipper of the goods. In the latter case, assignment through endorsement in blank by the shipper makes the Certificate negotiable. Such proof of insurance, properly endorsed, is required for their own protection by bankers when negotiating a draft on the foreign buyer of the goods.

Of course, a separate policy may be taken out for each

[7] On page 299 a specimen memorandum is set forth.

and every shipment that is made, but a large shipper invariably arranges what is known as an open policy for an amount based on his annual business, against which each separate shipment is declared. In each instance the amount is endorsed on the original policy and a certificate issued based on the terms and conditions carefully prearranged and specified in the policy.

Marine insurance policies are "divided into various classes in accordance with the various kinds of insurance effected by means of them."[8] In what are known as valued policies the value of the goods insured, or the maximum amount recoverable in case of loss, is definitely stated. Then there are open policies and floating policies, between which there may be very slight distinction.

In an open policy the value is not given and the loss, if any, whether partial or total, would have to be proved. Loss, if total, is paid in the sum named in a valued policy, but in either valued or open policies partial loss has to be proved. Open policies are frequently utilized by large importers to cover goods in the course of shipment from distant places, which might be lost before the value became known to the insurers. Thus, a house in Shanghai, when ordering cotton sheetings from an American exporter, may instruct the latter to declare the value and the steamer with such and such an insurance company under the Shanghai firm's Open Policy No. —.

[8] Gow, William, *Marine Insurance*, by far the best handbook on the subject. The best among elaborate treatises are: Arnould, J., *Treatise on the Law of Marine Insurance and Average;* Lowndes, Richard, *Law of Marine Insurance;* Duer, John, *Law and Practice of Marine Insurance.* Brief and inexpensive works are Lawrence Duckworth's *Epitome of the Law Affecting Marine Insurance* and the same author's *Law Relating to General and Particular Average.* All are English, with the exception of Judge Duer's work, which is now over sixty years old. While American practice is based on British, yet variations have developed and a work dealing with American policies, phraseology, clauses, practice, etc., would be welcome.

A floating policy is one that usually specifies the route which goods to be insured take, but it does not mention the names of the vessels or the values. Thus: "At and from the Mersey and or London, both or either, to any port or ports in Spain, inside the Straits of Gibraltar."* Floating policies, too, cover insurance from a certain date to a certain date, but in practice the terms "open" and "floating" are often used interchangeably. Instead of specifying the names of steamers, the wording usually is, "Steamer or steamers warranted to sail before 31st December, 1914," while the value involved may be "Ten thousand dollars on manufactured goods to be hereafter declared and valued."

In voyage policies and time policies property is insured for transit from one point to another or for a certain period of time. What is known as a continuation clause has been devised both for time policies and open policies. In the one case it applies when a vessel is known to be at sea in a damaged condition at the expiration of the time set and renewal of insurance would therefore then be impossible; in the other, it applies in the event of declarations exceeding the amount open in the policy.

Interest policies and wager (or gambling) policies are contrasted. The former clearly show from their form and wording that they are intended to cover some real interest in ship, goods, freight, or other matter capable of insurance; the other (the wager policies) show from their form and wording that they do not require from the assured any proof of reality of interest

* Hooper and Graham, *Modern Business Methods.*

1.—Warranted that no claim shall be made in General Average arising from
from on deck.
2.—Warranted that in case of partial loss on merchandise, this Company sh
eight days after the landing of such merchandise.
3.—All risks to be reported as soon as known and amounts declared as soon
4.—This policy shall be deemed continuous but it is understood that either pa
write
any time, on giving
however, to prejudice any risk then pending.

preserved or otherwise), cheese, dry fish, hay, vegetables and roots, paper, rags, hempen yarn, sugar, [illegible] bags or bagging, pleasure carriages, household furniture, skins and hides, musical instruments, looking glasses, and all other articles that are perishable in their own nature, are warranted by the assured free from average, unless general; hemp, tobacco stems, matting and cassia, except in boxes, free from average under *twenty per cent.*, unless general; and sugar, flax, flax-seed and bread, are warranted by the assured free from average under *seven per cent.*, unless general; and coffee, in bags or bulk, pepper, in bags or bulk, free from average under *ten per cent.*, unless general. Profits warranted free from claim for general average, but subject to the same per centum of partial loss as if the insurance were on goods. In case a total loss of profits be claimed, the underwriters to be entitled to a credit of the same per centum of salvage as if the insurance were on goods, and in case of contribution in General Average for any portion of the goods at the customary sound value, this Company to be free from claim for loss on such portion. Not liable for loss arising from wet, breakage, leakage, or exposure of goods shipped on deck.

Warranted by the assured free from damage or injury from dampness, change of flavor, or being spotted, discolored, musty or mouldy, unless caused by actual contact of sea water with the articles damaged, occasioned by sea perils. In case of partial loss by sea damage to dry goods, cutlery, or other hardware, the loss shall be ascertained by a separation and sale of the portion only of the contents of the packages so damaged, and not otherwise; and the same practice shall obtain as to all other merchandise as far as practicable. Not liable for leakage of molasses, or other liquids, unless occasioned by stranding or collision with another vessel.

Warranted by the assured that this insurance shall not enure directly or indirectly to the benefit of the carrier or other bailee, by stipulation in bill of lading or otherwise, and any breach of this warranty, and any act or agreement by the assured, prior or subsequent hereto, whereby any carrier or party liable for or on account of loss of or damage to any property insured hereunder, is given the benefit of any insurance effected thereon, shall render this policy of insurance null and void.

In case of any agreement by the assured, prior or subsequent hereto, whereby any right of recovery of the assured for loss of or damage to any property insured hereunder, against any person or corporation, is released, impaired or lost, which would on acceptance of abandonment or payment of a loss by this Company, have enured to its benefit, but for such agreement or act, this Company shall not be bound to pay any loss, but its right to retain or recover the premium shall not be affected.

Warranted by the assured, that the assignment of this policy or of any insurable interest therein, as also that the subrogation of any right thereunder to any party, without the consent of this Company, shall render the insurance affected by such assignment or subrogation, void.

In Witness Whereof, the President or Vice-President of the said INSURANCE COMPANY OF NORTH AMERICA hath hereunto subscribed his name, and this policy is made and accepted upon the above express conditions but shall not be valid unless countersigned by said Company's duly authorized Managers in New York.

Countersigned at New York, this

day of A. D.

.....MANAGERS.

FIG. 49.—A Marine Insurance Policy

in what is stated as the subject of insurance.[10] The latter are prohibited by law in Great Britain.

6. The Marine Insurance Policy

He who clearly understands the terms of his policy has a satisfactory knowledge of marine insurance. In this chapter it will only be possible to consider briefly some of the paragraphs and peculiar phraseology used in standard form policies. All insurance policies the world over are based on the policy formulated long ago by Lloyd's. Ours, even with our American indifference to precedent, still retain some of the antique phraseology. Lloyd's own form, frequently called their "S. G." policy, is awkward and in places is hardly intelligible except in the light of long-established practice. No one knows, for example, what the letters "S. G.," appearing near the upper left-hand corner of that policy, originally signified. There are a score of different guesses as to their meaning. They have, of course, been omitted from our American policies, which in many respects have been made fuller and more explicit. The explanations here given as to the meaning of some terms and the intent of some paragraphs has been taken largely from the British Marine Insurance Act of 1906.[11] To the author this seems a remarkable legislative document in its simple, direct, clear statements and definitions.

[10] Gow, *Marine Insurance*, page 18. See also British Marine Insurance Act, 1906, 6 Edw. VII, Chapter 41, Section 4.

[11] Where necessary, the present explanations have been amplified chiefly from Dr. Gow's fourth edition, 1909. Some credit must also be given to Hooper and Graham's *Modern Business Methods* and, in less degree, to Calvert's *Shipping Office Organization, Management and Accounts*. Strictly American peculiarities are explained from current practice.

It is especially agreed that any claim under this Certificate shall be reported immediately to _____ at _____ to be adjusted by _____ and upon _____ approval of same endorsed upon the Certificate, shall be paid by the correspondent of Messrs. BARING BROS. & Co., Limited, London, at place of said endorsement, at Rate of Exchange as below

Claims to be adjusted according to the usages of port of destination, but subject to the conditions of the policy and contract of insurance.

RATES OF EXCHANGE.

Four Dollars and Ninety-five Cents ($4.95) to the Pound Sterling. Five Francs and Six and one-quarter Centimes (5.06¼) to the United States Dollar.

Forty-two United States Cents (42c.) to the Florin Ninety-eight United Sates Cents (98c.) to Four Marks.

$ _____ Cash Capital $1,000,000. No.

BOSTON INSURANCE COMPANY.

New York,

This is to Certify, *that on the* _____ *this Company insured under Policy No.* _____ *made for* _____ _____ *Dollars in Gold on* _____

Valued at _____ *Shipped on board of the* _____ *at and from* _____

and it is hereby understood and agreed that in case of loss, such loss is payable to the order of _____ *This Certificate to be surrendered on payment of loss. This Certificate represents and takes the place of the Policy and conveys all the rights of the Original Policy holder (for the purpose of collecting any loss or claims) as fully as if the property was covered by a special policy direct to the holder of this Certificate, and free from any liability for unpaid premiums.*

Ass't Secretary.

Marks and Nos.

Including risk of craft to and from the Ship or Vessel, each Craft to be considered a separate risk.

CERTIFICATE OF INSURANCE

FIG. 50.—Marine Insurance Certificate

Space does not permit consideration of the special policy applying to hulls. One of the most interesting as well as most complicated questions arising as to ships themselves is that of liability when vessels have been in collision.

It will be well, first, to remark on some conditions applying to all policies. "A contract of marine insurance is a contract based upon the utmost good faith, and, if the utmost good faith be not observed by either party, the contract may be avoided by the other party. The assured must disclose to the insurer, before the contract is concluded, every material circumstance which is known to the assured, and the assured is deemed to know every circumstance which, in the ordinary course of business, ought to be known by him. If the assured fails to make such disclosure, the insurer may avoid the contract." For example, if a man effected insurance on a ship which he alone knew already to be lost, the insurer could cancel the contract.

For a policy to be valid, the assured must have an insurable interest in the property at risk. A person is said to have an insurable interest when he "is interested in a marine adventure where he stands in any legal or equitable relation to the adventure or to any insurable property at risk therein, in consequence of which he may benefit by the safety or due arrival of insurable property, or may be prejudiced by its loss, or by damage thereto, or by the detention thereof, or may incur liability in respect thereof."

The printed clauses of the policy may be varied or superseded by others, written in, affixed in the form of gummed and printed stickers, or impressed by a rubber stamp. There are, perhaps, a hundred such variations

in frequent enough use to require a corresponding number of rubber stamps in any large marine insurance office.

Taking up the policy itself, one notes: (1) That the company makes insurance and causes the ship to be insured, "lost or not lost." This expression applies both to insurance not placed until after the actual departure of a vessel from port, when her existing condition is unknown, and to risks despatched from a distant port when it may not be known whether the vessel has sailed or not.

(2) The phrase "at and from —" followed by the description of the voyage to be insured; for example, New York to Shanghai. Did the policy merely read from New York, etc., the risk would commence only when the ship sailed from New York. The policy then would not protect the assured's property already loaded were the vessel to be burned while lying alongside her pier in New York before sailing.

(3) The expression "whereof is master for this present voyage —" followed by the name of the ship's captain. This is only to identify the particular vessel in question, in case there should be two of the same name. It has also been held by the courts to be a corrective of careless or mistaken spelling of the ship's name; a policy calling the steamship Leonard the Leopard was not vitiated thereby.

(4) The words "beginning the adventure," etc. The English law says, "Where goods or other moveables are insured 'from the loading thereof,' the risk does not attach until such goods or moveables are actually on board, and the insurer is not liable for them while in transit from the shore to the ship." This provision, however, is almost always modified by an added clause, as we shall see, which, in fact, is so much a matter of course

that it is printed in the margin of some policies. "Where the risk on goods or other moveables continues until they are 'safely landed,' they must be landed in the customary manner and within a reasonable time after arrival at the port of discharge, and if they are not so landed the risk ceases" (and shipowner's liability begins).

(5) The words "touching the adventures and perils," etc. The company takes upon itself certain named risks, limited in number as compared with the British form, but the antiquities preserved in the latter are always modified by a "rider." The general formula here is said to date back to 1613. "The term 'perils of the seas' refers only to fortuitous accidents or casualties of the seas." Lord Herschell, in a famous decision, put the matter clearly, thus: "It is well settled that it is not every loss or damage of which the sea is the immediate cause that is covered by these words. There must be some casualty, something which could not be foreseen as one of the necessary incidents of the adventure. The purpose of the policy is to secure an indemnity against accidents which may happen, not against events which must happen."

(6) The term "jettison," already briefly defined under Bills of Lading, which is "the throwing overboard of part of a vessel's tackle or cargo to lighten or relieve her when she is in emergency."

(7) The term "barratry" (also occurring in Bills of Lading), which is defined as follows: "Every wrongful act wilfully committed by the master or crew to the prejudice of the owner, or, as the case may be, the charterer." This is really a relic of old days when ship and cargo were practically at the mercy of the captain and crew. Cables and posts, maps, and lighthouses make this unusual at the present time. "Such acts as the following

are barratrous: Scuttling a ship, intentionally running a ship ashore with the object of throwing her away, setting a ship on fire, abandoning the voyage on which the venture started, illegally selling a ship and cargo and appropriating the proceeds, and deviating from the vessel's proper course for the captain's private business or convenience (mere deviation does not constitute barratry but deviation with criminal intent does)."

(8) The term "all other perils," which is defined to include "only perils similar in kind to the perils specifically mentioned in the policy."

The American policy imposes the necessity for the assured to "sue, labor, and travel for." "It is plain that if either party to the insurance contract takes steps to defend, safeguard, or recover property covered by the policy, these steps shall not be taken to prejudice or alter the respective positions of the parties concerned, and that when the assured, either in person or through factors, servants, or assigns, does his best to avert loss, his expenses in doing this are guaranteed to him by the underwriters in proportion to the sum assured."

When goods are lost, the party insured usually gives notice of abandonment to the underwriters. In this paragraph of the policy a clause is inserted, "No acts * * * shall be considered as a waiver or acceptance of abandonment," in order to protect the insured in case he should be able to recover any part of the goods. Abandonment will later be more fully explained.

The phrase providing that "no partial loss or particular average shall be paid unless amounting to five per cent" is a strictly American provision and, in part, expresses a variation from English practice. It is usually

modified by added special clauses. Particular average will be explained at length later.

As regards double or multiple insurance the American practice is like the French and quite unlike the English. "The principle adopted in England is that the insured has the right to make his choice of the policy against which he will make his claim for any loss that may occur; but the underwriters on that policy are entitled to claim from the other underwriters on the same interest a rateable contribution to their loss." In the United States, as in France, "the incidence of the loss is determined by the date of the policy—the earlier policy alone is liable if its amount is equivalent to the value of the interest insured, while the later policies do not come in except for the difference between the values and the amount insured with the earlier underwriters. For any further amount the later underwriters incur no liability, and they return the premium less one-half per cent on the amounts then treated as null." Double insurance occurs chiefly through mistakes or misunderstandings, often when the shipper and the consignee, or the buyer and the seller, have each insured the same goods without knowing that the other has done the same.

A warranty is said by the British Act to mean "a promissory warranty, that is to say, a warranty by which the assured undertakes that some particular thing shall or shall not be done, or that some condition shall be fulfilled, or whereby he affirms or negatives the existence of a particular state of facts."

The part relating to freedom "from loss or damage relating to riot," etc., in the American policy is an elaboration of a well-known clause in British insurance

policies known as the "F. C. S." clause (freedom from capture and seizure), which has become established practice. It is usually either omitted or superseded by a special war clause, at increased premium, of course, in case risks of war are to be covered.

The so-called "Memorandum" in a marine insurance policy is a survival from the earliest times. The American form is greatly elaborated from the comparatively simple one appearing in Lloyd's policies and adapted to modern conditions and cargoes, but the principle governing both requires examination at some length. "Free from average unless general" attracts attention to perhaps the most important condition affecting marine insurance.

7. Average

The usual sense in which we use the word average in the English language (proportional or mean, as in the phrases, average cost, above the average, etc.) seems to be derived from a mediæval use signifying a tax or contribution, usually levied in some proportion to the means of the contributor. In marine insurance the word is differently used and seems to have been adapted from the French *avarie,* meaning damage. In marine policies, average has two meanings: (1) A contribution toward losses and expenses which have been incurred for the benefit of all the parties interested—general average; and [illegible] payment to be made by the underwriters for par-[illegible]r damage sustained by the property insured, [illegible] only some of the parties are affected—par-[illegible]rage.

(a) General Average

The term general average "signifies that the owners of the ship and cargo generally are liable to make a pro rata contribution towards any losses sustained or expenses incurred where other property or part of the ship has been sacrificed for the general good and for the safety of the ship and cargo generally. For example, if a ship were in distress, from stress of weather or from liability to capture, etc., and the captain, in order to lighten her, were to throw overboard (or jettison, as it is termed) a portion of the cargo, or cut away the masts, cables, etc., the act would be for the general safety of the ship and the remainder of the cargo; therefore, the owners of the ship and the various owners of the cargo (including that lost) would have to make a general contribution pro rata to cover the loss incurred." [12]

"A general average loss is a loss caused by or directly consequential on a general average act. It includes a general average expenditure as well as a general average sacrifice. There is a general average act where any extraordinary sacrifice or expenditure is voluntarily and reasonably made or incurred in time of peril for the purpose of preserving the property imperiled in the common adventure. Where there is a general average loss, the party on whom it falls is entitled, subject to the conditions imposed by maritime law, to a rateable contribution from the other parties interested, and such a contribution is called a general average contribution. * * * Subject to any express provision in the policy, where the

[12] Hooper and Graham.

assured has paid, or is liable to pay, a general average contribution in respect of the subject insured, he may recover therefor from the insurer."[13]

"General average is not in any way dependent on insurance for its existence. There is a liability of cargo owner and shipowner to each other for general average quite independent of any contract of either with third parties, such as the contract of insurance is. In other words, general average properly and originally forms part of the obligations that arise out of the contract of affreightment, and is only secondarily connected with insurance."[14] The risk of having to make contributions to a general average assessment is, then, one of those against which the shipper of goods by water insures. Under the terms of his policy, his general average contributions are assumed by the insuring company. The shipper who is not protected by insurance can be made to pay a general average contribution, even if he has lost all of his goods.

An actual illustration given by Hooper and Graham (Modern Business Methods) will serve to make clear the charges that go into general average and how contributions are assessed. A small steamer stranded in the Adriatic while en route from Fiume to Trieste. In order to get her off, the cargo had to be transferred to lighters, during which operation some of the cargo was lost, other portions damaged, and the steamer lost two anchors, several cables, and other gear. The shipowner's losses, chargeable to general average, included: (1) Charges for being towed off; (2) services of divers; (3)

ne Insurance Act, 1906. 6 Edw. VII. Chapter 41, Section 66.
W *Marine Insurance.*

tackle, ropes, etc.; (4) cost of discharging cargo into lighters; (5) cost of loading chartered steamer; (6) hire of chartered steamer; (7) charges of other steamers for assistance, harbor dues, warehouse rent, etc.; (8) repairing cargo; (9) proportion of wages and provisions of crew whilst vessel was ashore; (10) services of officials in superintending operations, etc.; and (11) adjustment, preparing claims, etc. This made a total of £2,300 in all. In addition, shipper A lost cargo valued at £200; shipper B lost cargo valued at £200; shipper C's cargo was damaged to the extent of £100; and shipper D's was damaged to the extent of £200. The total losses were £3,000.

The contributory values for general average were made up as follows:

Value of ship	£3,000		
Less cost repairs	250	£2,750	
Freight at risk		450	£ 3,200
A's goods, net value delivered		900	
A's goods lost, invoice value		200	1,100
B's goods, net value delivered		600	
B's goods lost, invoice value		200	800
C's goods, net value delivered		500	
C's goods damaged, sound value		100	600
D's goods, net value delivered		1,200	
D's goods damaged, sound value		200	1,400
E's goods (not damaged), invoice value			4,500
F's goods (not damaged), invoice value			3,400
G's goods (not damaged), invoice value			5,000
Total of contributory values			£20,000

The total general average losses, amounting to £3,000, are equal to 15 per cent on the value of the ship, freight,

and cargo originally taken aboard; therefore, the general average payable by each party is 15 per cent on the value of his interest. Thus:

Shipowner pays	£ 480	Shipowner receives	£2,300
A pays	165	A receives	200
B pays	120	B receives	200
C pays	90	C receives	100
D pays	210	D receives	200
E pays	675		
F pays	510		
G pays	750		
	£3,000		£3,000

It will be noticed that the shipowner and A, B, C, and D each have to pay and receive, the net amounts they receive (£1,945 in all) being equal to the amounts due from D, E, F, and G. The amounts paid would be claimed from the underwriters as general average. E, F, and G, whose goods were delivered intact, would none the less recover from the underwriters the amounts contributed to general average, always supposing they were adequately protected by proper insurance. The amounts realized by the sale of the damaged portions would be paid to the underwriters.

York-Antwerp Rules, frequently mentioned in marine insurance matters, are simply the codification of rules governing various applications of General Average adopted at an International Congress held at York, England, in 1864, as modified at a later Congress at Antwerp in 1877. Application of York-Antwerp Rules is often provided for, but "settlement according to the custom of the port" is also common, practice in different countries varying.

(b) Particular Average

"Particular average is the liability attaching to a marine insurance policy in respect of damage or partial loss accidentally and immediately caused by some of the perils insured against, to some particular interest (as the ship alone or the cargo alone) which has arrived at the destination of the venture. * * * The damage must not have arisen from the negligence or misconduct of the assured or his agents, nor from the essential character or natural quality or inherent vice of the object insured, nor from the ordinary wear and tear inseparable from the carrying on and completion of the voyage."[15] Another definition reads: "Particular average is a loss which is not a general average loss, and which falls exclusively on the owner or other person interested, giving him no right of contribution against other persons. For example, if, while being hoisted on board, a bale of goods were to slip from the ship's slings and fall into the sea, or if, during bad weather, the sea were to break into the ship's hold and damage a portion of the cargo, the loss thus incurred would have to be borne by the owner of the particular goods lost or damaged, or, if they were insured subject to particular average, by the underwriters."

Especial attention should be directed to the fact that insurance protects only against perils of the sea. To obtain indemnity under a marine policy it must be proved that the damage incurred was thus occasioned. Suppose a consignee of goods shipped by water were to find that those goods, or a part of them, were damaged by oil, apparently from leaky cans in neighboring cargo. Upon

[15] Gow, William, *Marine Insurance.*

whom shall he call to make good the loss? Recourse must be had on the shipowner, unless it can be proved to be an insurance claim, i. e., unless the leaky condition of the oil cans was caused by a peril of the sea, perhaps by unusually severe storms that so buffeted the ship as to damage or shift the cargo. To protect the shipowner against such claims the captain of a vessel, immediately upon his arrival in port, notes his protest (see Chapter II under "Ships' Papers"), in which he sets forth any circumstances of his voyage that might conceivably affect claims for damage. If a severe storm has been encountered, the captain records the fact for the express purpose of diverting claims from the shipowner to the insurance companies. But if the storms have not been so severe as to justify a reasonable anticipation of resulting damage to cargo from them, then the insurance people are likely to disregard the captain's protest and insist that the shipowner is the responsible party.[16]

8. The Memorandum

We may now proceed to a consideration of that paragraph called the Memorandum in the policy. The effect of this clause, as it is printed, is to free underwriters from all claims for damages or partial loss unless they reach a [illegible]cified percentage. First introduced in Lloyd's p[illegible]749, the Memorandum became almost immedi- [illegible]bject of lawsuits and has so continued ever [illegible]e Am[illegible] form is much more stringent than [illegible] ever [illegible]ed in England. The text of our

[illegible] Habil[illegible] [illegible]owner see provisions of the Harter Act of [illegible]ferred [illegible]ls of Lading," Chapter VIII.

policy, as we have noted, exempts the insurance company from obligation to pay any claims for partial damage or particular average unless they amount to five per cent. This provision, like those of the Memorandum, is usually modified by special added clauses.

The intention of the Memorandum appears to have been to put goods of every description on an equal footing, certain goods being regarded as peculiarly liable to damage on a sea voyage. "Warranted free from average" here means "loss less than total and resulting from sea damage."

The effect of these words taken in connection with the percentages stipulated in the remainder of the clause is, in the language of Arnould, one of the foremost marine insurance authorities, as regards the group of articles first named, "to free the policy for any extent of deterioration by sea damage however great which does not amount to a total loss;" as regards the other groups, to give the same freedom for any extent of deterioration by sea damage however great not amounting to the percentage respectively stated.

The freedom from claim provided by the terms of the Memorandum is called the franchise. Gow says that the different percentages enumerated were based on the greater or less liability of the goods to damage. "The same considerations have led to the different average terms on which different goods were insured. Some articles seem always to show a certain proportion, more or less, of diminution and deterioration at the end of a voyage. To exclude this apparently inevitable loss, and to prevent the occurrence of vexatious petty claims, it has been arranged that all claims falling short of a certain

amount or percentage should not attach to the policy covering the goods."

In considering the special clauses we shall see the manner in which the printed provisions are modified and special protection extended to the assured. The clauses warranting that the "insurance shall not enure directly or indirectly to the benefit of the carrier," etc., seem to be an outgrowth of the cotton export trade and to apply particularly to it. The remainder of the policy, including the marginal clauses, seems sufficiently clear, or at least to require no comment here.

9. Special Clauses

One of the most usual of the special clauses that are employed to modify the printed conditions of the policy, or to cover risks not otherwise provided for, often printed on the Certificate of Insurance, contains these words: "Including risk of craft to and from the Ship or Vessel, each Craft to be considered a separate risk." This, as will be observed, quite alters the condition involved in the time-honored clause of the policy itself, "Beginning the adventure upon the said goods from and immediately following the loading thereof on board the said vessel," etc. This modifying clause extends
n from shore to shore.

A." (free from particular average) is al-
used. The F. P. A. franchise, usually
nt, is generally accepted as a fair risk for
nself to carry in view of the reduced pre-
e. It is, however, quite possible to
what less than double the F. P. A.
bbreviated W. A.), or "against

all risks" (abbreviated A. R.). When this is done it must still be remembered that the risks insured against are only those of the sea.

The customary English F. P. A. form reads: "Warranted free from particular average unless the vessel or craft be stranded, sunk, or burnt, each craft or lighter being deemed a separate insurance. Underwriters, notwithstanding this warranty, to pay for any damage or loss caused by collision with any other ship or craft, and any special charges for warehouse rent, reshipping, or forwarding, for which they would otherwise be liable. Also to pay the insured value of any package or packages which may be lost in transshipment. Grounding in the Suez Canal not to be deemed a strand, but underwriters to pay any damage or loss which may be proved to have directly resulted therefrom."

American practice is once more strongly contrasted with English in our own phrasing of this F. P. A. clause. Our customary reading is: "Free from particular average under * * * unless caused by being stranded, sunk," etc. Under the English policy claims may be recovered if a vessel may have stranded in the course of her voyage, whether or not the damages were caused by that accident.[17]

Under the Memorandum a shipper might suffer considerable loss and yet not be able to recover the amount from the insurance companies. Take, for example, a cargo of sugar valued at $100,000. It might be damaged to the extent of $6,999, and the loss, being less than the 7 per cent stipulated by the franchise, could not be recovered.

[17] Specifically thus provided in the Marine Insurance Act, 1906, under Section 30, First Schedule, Paragraph 14.

In order to limit losses thus to be incurred, "the plan was adopted of breaking up the cargo or parcel into smaller subdivisions, and of stipulating that, if in any one of these the requisite percentage of damage was attained, the underwriter should pay his proper portion of it. Each of these subdivisions is technically termed a series. Taking the instance of sugar from Java to Europe, the average terms are that the underwriter pays average if amounting to a franchise of five per cent[18] of any series of twenty baskets running landing numbers. By 'running landing numbers' is meant that the baskets are to be taken in sets of twenty as they come out of the hold and are landed on the quay. Similarly, in cotton the average terms are warranted free of particular average under three per cent on each ten bales running landing numbers. The more delicate the goods, the higher the franchise is likely to be. * * * It may almost be taken as a rule that the more valuable the goods the smaller the series, the idea evidently being that a series should not in value exceed a certain fairly moderate sum (about £100). Thus, when underwriters insure cigars against average, the series generally consists of one case; cotton, ten bales running landing numbers; silk, each package; indigo, each package; tea, ten chests, twenty half-chests, or forty boxes running landing numbers; sugar, twenty baskets (Java), ten hogsheads, twenty barrels, ten cases, or fifty bags."[19]

A great difference is to be noted in the average terms on the same article shipped from different ports, and on outward and inward shipments. Both the series and the

[18] The American policy franchise on sugar is seven, not five, per cent. The above terms are English.

[19] Gow, *Marine Insurance.*

franchise on coffee are very different in shipments from Java to Europe and from Brazil to the United States. Inward and outward shipments of sugar are subject to strangely different rules. It often happens that damage, while not amounting to the required percentage on the whole, reaches the limit on one or more series.

Clauses added to a policy to cover liability in series may read, for example: "To pay average on every ten bales, running landing numbers;" "to pay average on each package as if separately insured;" "subject to — per cent particular average. Each shipping package separately insured;" "each case subject to particular average if amounting to — per cent."

Goods carried on deck and live animals are sometimes considered subjects for special policies and not regarded as "goods and merchandise" in the usual policy sense. Yet, it has been held that "in the case of cargo carried by river steamers, goods customarily carried on deck are covered by a policy which does not in terms cover deck cargo." Clauses applying to deck loads include: "Warranted free from claim for jettison or washing overboard;" "Free of claim for damage, but liable for the total loss of a part, if amounting to five per cent."

A clause sometimes attached to policies protecting shipments of machinery reads: "In case of loss or injury to any part of a machine consisting when complete, for sale or use, of several parts, this company shall only be liable for the insured value of the part lost or damaged."

There are probably hundreds of special clauses in common or occasional use on marine policies (those just given are purely by way of illustration), and new ones are frequently devised by agreement between shippers and underwriters to cover, at rates mutually agreed upon,

liability under new or unusual conditions in connection with shipments of considerable importance and frequency.

10. Insurance Claims

As was hinted in the early pages of this chapter, it is sometimes found advantageous to place marine insurance with companies that have their own representatives at the ports of destination of the shipments insured. No one company has agents everywhere; but, other things being equal, a company should be patronized that has a representative at or near the destinations to which a shipper is frequently forwarding goods. The reason for this is that when damage is found and the necessity for a claim arises, any insurance company will take the report and action of its own agent without question, while it might look with suspicion on the report of some stranger (agent for another company, perhaps), no matter how respected in his own community.

As a rule, the consignee ought to claim and collect damages under marine insurance policies. He is on the ground, and can negotiate directly with the representative of the company. He is in a position to obtain and supply without delay whatever proofs of claim and documents may be required. Moreover, claims are almost without exception adjusted "according to the usages of the port of destination." On the other hand, if he returns the claim to the shippers for collection, it will usually be d that some necessary link in the chain has been ed. Requests for more papers or corrected ones e to be returned. At the later date it may be mpossible to secure the proofs, figures, papers,

or what-not wanted. In any case collection of claims by shippers is more difficult and slower, at least in New York, than by the consignee. However, the usual Certificate of Insurance, which is sent with other documents to the consignee, may not be sufficient for the latter's use in case of damage. Such Certificates always provide that claims shall be adjusted "subject to the conditions of the policy," and average adjusters may demand proof that all of the essential conditions of the policy are embodied in the Certificate or are otherwise put before them.

There are two kinds of total loss recognized in marine insurance practice: (1) Actual total loss, where the subject-matter insured is destroyed or so damaged as to cease to be a thing of the kind insured, or where the assured is irretrievably deprived thereof; and (2) constructive total loss, where the subject-matter insured is reasonably abandoned on account of its actual loss appearing to be unavoidable, or because it could not be preserved from actual total loss without an expenditure which would exceed its value when the expenditure had been incurred.[20] In the case of goods, there is a constructive total loss when the cost of repairing and forwarding the goods to their destination would exceed their value on arrival.

When a claim for total loss arises, the assured should at once give notice of abandonment to the underwriters. This is usually done formally in writing, and the underwriters often enough reply formally, declining to accept the abandonment, in order to protect themselves in case the loss turns out not to be total. This refusal does not

[20] Marine Insurance Act, 1906. 6 Edw. VII, Chapter 41, Sections 56 and 60.

affect their liability in the least if the claim can be proved. Meanwhile, the assured is expected to take such measures as he can to recover any part of the property and sell it for the benefit of the parties concerned. When the underwriter accepts the abandonment, the property passes to him, the consideration for the transfer being the payment of the sum insured.

The documents required to establish a claim for total loss are: (1) Protest of Master; (2) set of bills of lading (endorsed if necessary, so as to be available to the underwriter); (3) Policy or Certificate of Insurance (endorsed if necessary); (4) statement of loss in detail; and (5) bill of sale and abandonment "with subrogation to the underwriter," that is, an assignment of all interest to the underwriter. The proceeds of property abandoned to the underwriter are accounted for to him and are technically called salvage. A claim for total loss cannot, of course, extend beyond the full amount insured in the policy.

The adjustment of claims for partial loss or damage, that is, for particular average, may present a good many complications, but in ordinary practice is readily and amicably arranged. The books on marine insurance deal at great length with the niceties of some decisions, but the only really essential point necessary to be brought
e is that "the loss for which the underwriter is
which arises from the deterioration of the
sea damage." The rule has thus been
minent English judge: "The underwriter
portion of the difference between sound
at the port of delivery, and pays that pro-
the value of the goods specified in the

The documents necessary for the substantiation of a claim for particular average (partial loss) are: (1) Protest of Master, or log book; (2) set of bills of lading; (3) Policy or Certificate of Insurance (endorsed, if necessary); (4) certified statements in detail of actual cash value at destination of goods in damaged state, all charges paid, and the same as to the sound value on the same day; and (5) subrogation of damaged goods to underwriters. At practically every port of the world there are average agents appointed by insurance companies who, upon demand, inspect goods on which damage is claimed.

Small matters may be settled out of hand by the direct agent for the underwriting company; for larger or complicated claims he usually appoints a surveyor or perhaps several of them. The latter may reach an agreement satisfactory to all concerned as to the amount of damage to be paid, or (more often) may order the damaged goods sold at auction. The proceeds, on duly certified account-sales, constitute the damaged value. The surveyor also gives a certified statement as to the sound values of the goods on the same day, either from his own knowledge or after inquiries and taking expert opinion and advice. In extremely complicated cases the final adjustment may have to be put into the hands of professional average adjusters.

In determining whether or not a claim for particular average attains the franchise, no account of anything but the actual physical damage is taken. Expenses for survey, etc., are at the charge of the assured. If it is found that the actual material damage exceeds the stipulated franchise (three or five or whatever per cent is named in the F. P. A. clause), there being evidently a

liability on the part of the underwriter, then the latter allows to the assured the survey fees and other expenses (except in his own office) incurred in making up the claim, because essential to it and therefore a part of it. In the case of insurance of goods in series, if it is found that there is a claim on only certain series of damaged goods and not on other series, "then the proportion of the costs attaching to the goods whose damage does not attain the franchise, falls to the assured's burden, not being recoverable by him from his underwriter."

TEST QUESTIONS

1. Who insures goods while transported on a railroad? On a vessel?
2. Explain why insurance practice differs on rail-and-water transportation.
3. Explain the operation of Lloyd's insurance.
4. What was the effect of the Civil War upon American marine insurance?
5. What risks may be covered by marine insurance today?
6. Approximately, what are the rates on marine insurance?
7. Who pays the cost of insurance, the importer or the exporter?
8. What items should be included in marine insurance?
9. What is meant by value policies, open policies, and floating policies?
10. Distinguish between interest policies and wager policies.
11. What is the significance of the phrase "at and from" in a marine insurance policy?
12. What is the American practice with respect to double or multiple insurance? The French?
13. Explain the meaning of general average in a marine insurance policy.
14. What is meant by particular average?
15. Explain what is meant by the memorandum in a marine insurance policy.
16. Explain how insurance claims are adjusted under marine policies.

as well as our prestige in international relations. We should have vessels of our own as a naval auxiliary in case of war; we ought to be more independent of foreign carriers for our freights when scores or hundreds of them are chartered or drafted by other nations when at war among themselves, or interned or blockaded in home or neutral ports.[1]

A knowledge both of the history of our marine and of the theories and measures of American statesmen who have concerned themselves with its regeneration is necessary to a thorough understanding of the problems involved in building up our foreign shipping. Obviously, thorough or adequate discussion of so complicated a problem cannot be condensed within the limits of a single chapter. In order to gain an intelligent idea of the situation and of the several policies that are advocated, a study of our history on the sea is urged.[2]

[1] This point is strikingly emphasized at the time of this writing by the events of the European war.

[2] Among histories and discussions the following may be noted:

Lindsay, W. S., *History of Merchant Shipping.* An English work still a standard as to conditions prior to its publication in 1874.

Preble, G. H., *History of Steam Navigation.*

Fry, Henry, *History of North Atlantic Steam Navigation.*

Morrison, J. H., *History of American Steam Navigation.*

Maginnis, A. J., *The Atlantic Ferry.*

Marvin, Winthrop L., *American Merchant Marine.* An ardent and eloquent, if sometimes narrow, advocate of ship subsidies.

Bates, W. W., *American Marine* and *American Navigation.* Written in support of the author's theory in favor of discriminating duties against imports in other than American bottoms, even if every treaty of the United States must be violated.

Wells, David A., *Our Merchant Marine.* A logical, well reasoned argument for free ships.

Meeker, Royal, *History of Shipping Subsidies.* He ruthlessly riddles the familiar and conventional arguments for subsidies and favors mail payments "on a business basis."

As will be recognized by all who take the trouble to investigate this subject even superficially, efforts to improve our position on the high seas have not been lacking, yet have signally failed to accomplish their purpose. Shipping men frequently attribute this failure, in part at least, to the constant coupling of laws embodying desirable requirements with restrictions nullifying the advantages offered, or to the passage of other and unconnected acts imposing new or different burdens on the man who wishes to put a ship to sea under the American flag.

2. Development and Prosperity of American Shipping

From the very first days of the founding of the North American colonies shipbuilding was naturally one of the industries that chiefly engaged the attention of the colonists. At the time of the breaking out of the American Revolution and for a long time afterwards more of the people in New England were actually engaged in shipbuilding and ship sailing than in agriculture, even in spite of the restrictions imposed on the building of ships in the English colonies. The statement is made that at one time during this period Massachusetts was estimated to have one vessel for every hundred of its

Dunmore, Walter T., *Ship Subsidies*. An advocate of discriminating duties; he recognizes certain vital weaknesses in the plan.

Bacon, Edwin M., *Manual of Navigation Laws*, and *Manual of Ship Subsidies*. Two brief unvarnished summaries of history and present conditions.

Shaler, N. S., *United States of America*, Chapter 10, on "The Maritime Industries of America," written by J. R. Soley. Mr. Soley, formerly Assistant Secretary of the Navy, reviews the history of American shipping and the various policies undertaken or advocated for its upbuilding.

Innumerable speeches reprinted from the Congressional Record.

inhabitants. One out of every four signers of the Declaration of Independence was a shipowner or had been a ship captain. In 1789, when the Constitution was adopted, the registered tonnage of the United States engaged in foreign trade was 123,893. During the next succeeding eight years it increased 384 per cent. During the following ten years it increased 42 per cent, 848,307 tons having been registered in 1807.

Thereafter, there was no increase, but rather periods of decrease and of partial recovery, so that in 1837 the American registered tonnage was actually a little less than that of thirty years previous. After 1837 the increase was again rapid, culminating at the outbreak of the Civil War with two and a half million tons in the foreign trade, and 5,539,813 tons in foreign and domestic trade and in the fisheries. The tonnage of Great Britain and her dependencies at this time was 5,895,369 and that of all other nations combined was only 5,800,767. Thus, it will be seen that the tonnage of the United States was nearly one-third of the entire shipping tonnage of the world. It was more than 50 per cent in excess of that which would have been required to carry all the exports and imports of the country.[3]

The explanation offered for the supremacy of the American vessels during this period is that we built ships of better model and greater speed. The costs of materials entering into the ships' construction were, with the exception of wood, considerably more in the United States than in some other countries, and the wages of seamen were higher. It was affirmed, also, that the efficiency of the American sailor was such that fewer men were required to man American vessels and that we

[3] Wells, David A., *The Merchant Marine.*

were also in advance of the rest of the world in introducing labor-saving mechanisms on board of ships to take the place of manual labor. It is said that as a general rule American ships could make four voyages while English ships were making three and that American shipowners frequently obtained better prices for their freight —one-sixteenth of a penny more per pound, for example, on cotton. These facts are more or less acknowledged by Lindsay, the historian of British shipping.

3. Decline of American Shipping

But the times were changing. The advent of the steamer, several years before, encouraged the efforts of British shipowners to compete on the ocean with the vessels which they were better able to supply with boilers and engines than their United States competitors. Besides that, Great Britain was in urgent need of the swiftest and best means of communication with many scattered and far distant colonies. The British Government, therefore, readily aided Samuel Cunard, as it did other owners, granting him a subsidy of $425,000 a year to carry the mails back and forth between Liverpool, Halifax, and Boston, with an occasional visit to Quebec. The Cunard service began in 1840 with four wooden sidewheel steamers.[4]

In 1845 our Congress determined to secure for American shipowners a part of the steamship-carrying trade and awarded $200,000 a year to the Ocean Steamship Company to establish a service between New York, Havre, and Bremen. Two large steamers were built—

[4] Lindsay, *History of Merchant Shipping.*

Collins line, with the quick sailings and short stay in port of its mail steamers, to secure or carry much cargo.[5]

Although the subsidy to the Collins line was increased in 1852 to $33,000 per voyage for twenty-six trips a year, the struggle between the lines quickly became one for life or death. The superior speed and equipment at first gave the American boats the greater part of the passenger business, but the English ships got most of the freight, which was then the profitable side of the business.

Although economic conditions of the times, as we now look back on them, made it doubtful whether the Americans could compete successfully with the English in steam navigation, the actual failure of the Collins line is often attributed to the loss of two of that line's best ships. On top of this Congress reduced the subsidy, abrogating it altogether in 1858, and the Collins line disappeared from the seas. It had never declared a dividend. Although it "might have survived the loss of its two ships just as contemporary British companies survived even worse disasters, it could not and did not survive the loss of its ships and the greater part of its subsidy at the same time."

The fine ships were seized by the mortgagees and sold; at the same time the steamships of the Bremen line were withdrawn and dismantled; and the line to Havre, running a little longer, also soon disappeared. The cost to the government of its first venture in steamship subsidies, covering thirteen years between 1845 and 1858, is figured by Dr. Meeker at approximately fourteen and a half million dollars.[6]

[5] Meeker, *History of Shipping Subsidies.*

[6] E. K. Collins & Co., when they failed, were receiving from the United States Government a total of $858,000 a year for 26 trips. The Cunard

The outbreak of the Civil War marks the beginning of the decline of the American merchant marine. Nearly all of our merchantmen were owned in the North and were therefore the lawful prey of Confederate cruisers and privateers. The Southern Government was quick to see its opportunity, and by armed vessels, fitted out in Southern ports and afterwards in England through the complaisance of that Government, fearful depredations were made on the commerce of the nation. In the four years of the war 1,150,000 tons of shipping were lost to our merchant marine.[7] From this loss our shipping never again recovered.

The effect of the Civil War upon our merchant marine was disastrous, because the shock came at a critical epoch in the evolution of shipping interests. It marked the transition from sail to steam and from wood to iron. These changes favored the English ship builders, because they could manufacture ships cheaper than could the American yards. Another factor to consider is that just at this time a great impulse was given to the development of inland industries and communication in the United States. American capital found a profitable outlet in the interior. These economic and business tendencies, which are largely accountable for the decline in our merchant marine, in reality antedate the war. The subsidy experiments after the war were powerless to stay the downward tendency.

Company was that year (1858) receiving as subsidy from the British Government £173,340 ($843,000) for 44 trips a year. The heavy subsidy to the Cunard Company did not discourage British competition. Beginning in 1850, Mr. Inman successfully operated his line for years without a subsidy and without any mail payments.

[7] Johnson, *Ocean and Inland Water Transportation.*

4. Shipping Developments After the Civil War

Since the Civil War, the American merchant marine has had a steady growth in domestic commerce, but has fallen to practically nothing in foreign commerce. Attempts have been made at various times, both by private interests and by the Government, to stimulate the development of a foreign merchant marine. From 1864 to 1891 the Government pursued a vacillating and haphazard policy, attempting at various times to stimulate the development of the merchant marine, but never following a consistent and far-reaching plan. It seems that whatever aid was given during these years was rather in the nature of special favors to those interests who were able to persuade Congress to contribute to the development of their lines. In 1864 subsidies were granted to a Brazilian line and later to the Pacific Mail Steamship Company. The later efforts of this latter company to increase its subsidies and the political scandals that grew out of these efforts, caused the Government to abrogate all subsidies to the lines. Little more was done by the Government until the passage of the Ocean Mail Act in 1891. Several steamship companies attempted to establish lines in various directions during these years, but most of the plans were soon abandoned and no substantial gain to an American merchant marine was made.

5. Ocean Mail Act of 1891

In 1891 the Government attempted to encourage the establishment of American lines by the passage of the Ocean Mail Act. The immediate occasion for the passage of this act was the plea of the International Navigation

Company for mail subsidies on the vessels of the Inman line. This company had recently purchased these vessels from British interests, whereupon the British subsidies were discontinued. At the time of the passage of the act, the International Navigation Company had under construction in British yards two costly passenger steamers—the City of New York and the City of Paris. Under the terms of the Act of 1891, these vessels would not be eligible for the subsidy. A sufficiently moving appeal was made to Congress which, in 1892, gave the company the privilege of admitting the City of Paris and the City of New York to American registry. This concession made them eligible for mail pay from our Government on the condition that two similar ships be built by the company in American waters. Accordingly, the St. Paul and the St. Louis were ordered, and in 1895 took their place among the best vessels of their day. These two vessels secured under a special act seemed to have been the net result of the addition to our merchant marine by the Act of 1891.[8]

[8] The provisions of the Ocean Mail Act of 1891 may thus be summarized. The American mail-carrying steamships were divided into four classes. The first class was to include steamships of a speed of 20 knots per hour and a gross registered tonnage of not less than 8,000. Vessels of this class only were eligible to carrying the mails between the United States and Great Britain. A second class was to consist of iron or steel steamships of a speed of 16 knots per hour and a gross registered tonnage of at least 5,000. This class was intended for service to South America, China, and Japan. A third class was to include iron or steel steamships of a speed of 14 knots and gross registered tonnage of at least 2,500. The fourth class was to be made up of iron, steel, or wooden steamships of a speed of 12 knots and gross registered tonnage of not less than 1,500. For ships of the first class the mail pay was set at $4.00 for every mile traversed on the outward voyage; ships of the second class were to receive $2.00 a mile; ships of the third class $1.00; and ships of the fourth class 66⅔ cents. A certain proportion of the crews of the ships should be American—one-quarter during the first two years, one-third during the next three years, and at least one-half during the remainder of any mail contract.

The Ocean Mail Act of 1891 was supplemented in an important particular by the Panama Canal Act of August 24, 1912. This act provided for the general admission to American register of foreign-built vessels, less than five years old, and that such vessels might contract with the Postmaster-General under the Act of 1891 "so long as such vessels shall in all respects comply with the provisions and requirements" of that act. The Panama Canal Act eliminated the difference in cost of building steamships in the United States and in Great Britain, and to that extent offered certain assistance to our shipping interests, although relative costs of operation were not thereby changed.

On August 18, 1914, President Wilson signed a bill amending the section of the Panama Canal Act in question by removing the limitations as to age (five years) and permitting foreign-built vessels, no matter when built, to obtain American registry if owned by American firms or corporations, thus finally accomplishing the free-ship policy which for so many years was the *bête noire* of many Americans influential in shaping our merchant marine legislation.

6. Shipbuilding in the United States

Shipbuilding and the operation of ocean steamships are to a large extent interdependable, if not inseparable, industries. While it is true that American shipbuilding cannot develop largely except as our merchant marine develops, yet a certain amount of prosperity is guaranteed by the requirements of our Navy and by the growing importance of our coastwise and Great Lakes service. Many of the vessels built for the Great Lakes service are

adapted for tramp services upon the seas, but it must be admitted that the American shipbuilding industry does not compare in size with that of Great Britain, Germany, or France.

Why cannot American shipyards build as cheaply as yards on the Clyde or the Tyne or the Severn? This is a common question. That ships can be built more cheaply in British and German yards is a well-established fact. Estimates of the cost of American-built ships have ranged all the way from 15 to 40 per cent over costs of similar foreign-built vessels.[9] A number of explanations are offered, but the chief reasons undoubtedly are: (1) Until recently at least, the usually higher cost of steel plates in the United States; (2) higher labor costs in American shipyards, although it is claimed that the efficiency of American workmen in shipyards, as in so many of our manufacturing industries, offsets the difference in wages to a large extent; and (3), certainly most important of all, the fact that in British yards, particularly, the work of shipbuilding has become standardized, with an annual production in recent years of from 1,000,000 to 2,000,000 tons of shipping, whereas in American yards it has, up to a few years ago, been rare that even half of our existing facilities have been engaged in actual work either for the merchant marine or on war vessels for our own or foreign navies.

One of our prominent shipbuilders, a former naval officer and a well-known advocate of subsidies, has declared: "It is absolutely impossible to practice econ-

[9] See report of the Merchant Marine Commission with testimony taken at the hearings, Washington, 1905. A little testimony bearing on the same question is also to be found in the Proceedings of the Committee on Merchant Marine and Fisheries in the investigation of shipping combinations, 1913.

omies under our circumstances and build the ships so that they would compare favorably in costs with ships built abroad."

Far ahead of all the world as we Americans are in our standardized, systematized factories, the British have hitherto actually beaten us at our own game in the shipyard. No American manufacturer needs explanation of the advantages gained.

American shipbuilders have naturally been found ranged with the ardent supporters of subsidies or other subventions or government assistance to shipbuilding, and also of such assistance to shipping itself. Their only hope of getting work in considerable volume is to be found in bringing about a condition whereby vessels must be built in American yards in order to obtain American registry. Although the Government has made shipbuilding a very highly protected industry, the political temper of the country has never been such that shipbuilding bounties could be seriously considered. Such bounties to shipbuilders are actually given in France, Italy, Spain, and a few other countries. It has lately happened that the French shipbuilders have been able to underbid the English shipbuilders, because of the bounty, which is said to have amounted to more than $150,000 on some ships.

7. Governmental Assistance to a Merchant Marine

Almost all countries offer some sort of assistance to their principal navigation companies or to their shipyards. This assistance may take one or more of the following forms:

1. A bounty to shipbuilders, like that of France, just referred to.

2. A navigation bounty, or subsidy, as it is usually called.

3. Special grants for definite services to be performed, either in the form of postal subsidies or naval subventions.

4. The policy of taxing their own vessels at a lower rate than the imposts on foreign vessels entering their ports.

5. Remitting some of the charges incurred in foreign services, such as the Suez Canal tolls.

6. Materials admitted free of duty or at reduced duties.

7. Special rail rates given from points where materials are manufactured to the port where the ship is to be launched.

The general, straight, out-and-out subsidy applying to all vessels of a country is rare. The special subvention for definite services to be rendered is common. We have it to some extent in the United States in the way of mail pay offered to certain lines, as has already been pointed out. It will be interesting to summarize the present practices of foreign countries.

Great Britain grants mail subsidies and admiralty subventions and her colonies steamship subsidies; France, mail subsidies, construction and navigation bounties, and fishery bounties; Germany, mail subsidies, steamship subsidies, preferential rates on the state railroads for shipbuilding materials; Belgium, premiums to certain steamship lines, pilotage refunds; Austria-Hungary, mail subsidies, construction and navigation bounties, Suez Canal refunds; Hungary, bounties to Hungarian ships; Italy, mail subsidies, construction and navigation bounties; Spain, mail subsidies, construction and navigation bounties; Portugal, mail subventions to steamship companies; Denmark, trade subsidies, exemptions from harbor dues; Sweden, state contributions, loans to steamship companies; Norway, state contributions, trade sub-

sidies; Russia, mail subsidies, mileage subsidies, government loans, steamship subsidies, Suez Canal refunds; Japan, state aid to steamship companies, mail subsidies, construction and navigation bounties, fisheries bounties;, China, state aid to steamship companies, subsidies to shipyards; South America—Brazil and Argentina, subsidies to foreign steamship companies; United States, mail subsidies to seven steamship lines.[10] In amendment to the foregoing (from a 1911 authority), to bring conditions down to date, it may be observed that in the debates in Congress apropos of the Panama Canal tolls, the statement was made that Spain also refunds Suez Canal tolls.

The United States has for some time admitted certain shipbuilding materials free of import duties, and by the tariff act of 1913, usually referred to as the Underwood Bill, a preferential discount of five per cent is offered on all goods brought into the United States in ships flying the American flag. However, since the same preferential applies to ships of all nations with which the United States has a treaty insuring equal treatment, and since the flags of such nations are flown by practically the whole list of steamships that bring cargo to the United States, the Attorney-General has ruled "that the five per cent discount to American vessels only, which was the primary object of the sub-section in question, cannot be given without impairing the stipulations of existing treaties between the United States and various other powers, and that consequently the sub-section, by the expressed terms of the proviso, is inoperative."

Yet, in a case brought up by New York importers a decision was handed down by a district court upholding the five per cent preferential as legal and collectible. Undoubtedly, a decision of the Supreme Court of the United States will be required to establish the final status of this provision of the Underwood Bill.

[10] Bacon, Edwin M., *Manual of Ship Subsidies.*

8. Ship Subsidies

Among the Governmental aids that are given to the shipping industry, the subsidy question will immediately be recognized as that which has been most prominently before the public for two generations or more. Subsidies have not been altogether unknown in our history, and, like many other well-meaning measures, have proved flat failures. The common explanation of such failures is a wholesale condemnation of our navigation laws, often by people who seem to have been very much in the dark as to just what the navigation laws were. The general misunderstanding in this respect is perhaps only equaled by the fatuous arguments advanced with irritating frequency on behalf of subsidies in this country. In view of these facts, a brief summary of the arguments in favor of subsidies will seem timely in this discussion.

The arguments usually advanced in favor of ship subsidies may be divided into three classes—theoretical, popular, and political. The distinction between these classes is not always clear cut, but we may preserve it for the value that it possesses.

The theoretical arguments in favor of ship subsidies usually take up the question of protection to home industries and the effect of subsidies upon shipping competition. Subsidies are usually assumed to be similar to a protective tariff. Inasmuch as both of them are intended to aid home industries, there is a likeness. So far as prices of goods or services are concerned, the analogy breaks down. Under a protective tariff the home consumer must usually pay for the protection in the form of a higher price for his goods and is often inconvenienced by restriction of output. Shipping subsidies, however,

cannot increase the rates of transportation over the sea and they may conceivably even lower the rates. Immediate effects of a subsidy, therefore, differ from protection to national industries.

However, the economic arguments against artificial stimulation of industry will probably be the same against Governmental support of the shipping industry as in Governmental aid to domestic production. Experience will hardly warrant the conclusion that this artificial stimulus to the shipping industry will result in greater competition among the shippers and that, therefore, rates will be reduced. Our own experience with competition among railroads casts serious doubt upon such a proposition. Perhaps, also, enough actual illustrations might be given to show that frequently an artificially supported industry is not managed in as efficient a manner as one which exists only by reason of being able to meet all competition.

A further objection to these points is made by the opponent of ship subsidies. Fear is expressed that subsidy payments once begun as a temporary policy may become permanent, and at least a portion of the bounty may be absorbed by a shipping or navigation monopoly. Adam Smith long ago pointed out in his *Wealth of Nations* that under the tonnage bounty of the White Herring Fishery, it was too common for vessels to fit out for the sole purpose of catching, not the fish, but the bounty. Even today it is charged that the French shipping lines sometimes choose the longest routes because of the mileage bounties paid by that government.

Among the popular arguments in favor of the ship subsidy, two may be mentioned: (1) That trade follows the flag, and (2) that America should save the freight on its foreign commerce.

As to the first argument, there can be no doubt about the question that a flag floating in all the harbors of the world makes good advertising for an industrial country and may thereby stimulate foreign trade. On the other hand, it must not be forgotten that business interests are often much more compelling than patriotic sentiments and that business turns in the direction which is most profitable.

Numerous illustrations might be given where a German or an English merchantman has disregarded patriotic conditions and hauled foreign goods instead of the goods of its own country, when it was more profitable for it to do so. Only in case of a great emergency, such as might be occasioned by war, does the lack of a merchant marine seriously handicap the foreign trade of the United States.

The other popular argument, likewise, has an element of truth in it, but it is usually stretched to an unreasonable extent. In popular discussions it is declared that we lose hundreds of millions of dollars annually paid to foreign ship owners for transporting our goods into and out of the country. There seems to be no understanding of the commercial principle that the buyer and not the seller pays the freight. These arguments would have us deduct the cost of freight from our imports and add the cost of freight to our exports, which is, of course, contrary to experience.[11] We should, furthermore, note that our exports, upon which the foreigner pays the freight, very considerably exceed our imports.

Furthermore, we should remember that there are many millions of dollars invested by Americans in foreign ship-

[11] Meeker, *History of Shipping Subsidies.*

ping lines at the present time. Statistics recently compiled by the New York weekly, *Shipping Illustrated*, show that vessels of about 1,000,000 tons gross register, flying foreign flags are owned by American interests. Consequently, a large part of the income from these lines goes directly into the pockets of Americans. It will be seen, therefore, that the popular arguments in favor of this special aid to our shipping industry are not as strong as the tenacity with which they have been held might indicate.

The political arguments in favor of ship subsidies are usually three: (1) To establish direct postal communication with all parts of the earth, (2) to provide transports or cruisers in time of war, and (3) to supply ships for the training of seamen to be available in case of war.

The desirability of good postal communications with all parts of the world, under our own control, cannot be denied. Uninterrupted systems of communication are absolutely essential to facilitate business transactions.

Opinion is divided as to the value of merchantmen so built that they can be used in time of war as cruisers and auxiliaries. According to some opinions, such vessels make neither good merchant vessels in time of peace nor good cruisers in time of war. It is generally admitted that they cannot compete commercially with vessels not designed for this purpose and that if the government of any state wishes to encourage the construction of such vessels, it must aid them with a substantial subsidy. In such a case the expense must be looked upon as one of the costs of militarism and not as a special favor to shipping industries.

The British Board of Admiralty reported against admiralty subventions in 1902 and recommended that

these payments be discontinued. Recently, however, it would seem that Great Britain has resorted anew to the policy of granting them. Germany has used them quite freely. When the nature of these expenditures as an item of public defense is taken into consideration, they can hardly be looked upon as subsidies, unless the subvention should be larger than that required by the handicap imposed upon these vessels under the conditions of the contract.

That an American merchant marine should be encouraged for the purpose of providing training ships for men who in an emergency may be available for the Navy seems patriotic but hardly practical when all economic conditions are taken into consideration. The fact of the matter is that we cannot build up a permanent, prosperous American merchant marine upon any other basis than commercial profits.

9. Shipping Policy of the United States

We have reviewed various aspects of the ship subsidy question and have seen that today the United States is paying subsidies in the guise of mail contracts. These subsidies have not, however, succeeded in rehabilitating the American merchant marine. There are other factors in our legislation which must be considered in connection with the entire policy of the Government. Tonnage taxes imposed by the United States are usually the same on American as on foreign ships. Most of the individual States favor vessels engaged in the foreign trade either with exemption from taxation or with very light taxes. Exemptions from certain charges, such as the practices of some nations of refunding Suez Canal dues, are not granted in the United States.

The exemption from Panama Canal tolls was repealed for various economic and political reasons before it could be put into actual operation. The United States now admits shipbuilding materials free of duty. By the provisions of the Panama Canal Act of 1912, as amended August 18, 1914, any foreign-built vessel may be admitted to American registry. The preferential clause in the Underwood Tariff Bill is contrary to our treaty obligations to other nations and may, for this reason, have to be abandoned.

It will be seen, therefore, that while the United States has not liberally supported its merchant marine, at the same time it has enacted laws which it was hoped would encourage the development of deep-sea shipping under the American flag. None of the measures has attained the desired results. Even that much dreaded "free ship" law as enacted in 1912 did not add a single vessel of foreign build to the American merchant marine. The truth of the matter seems to be that for every step forward there has been a slip backward of almost or quite the same proportions. For example, the Panama Canal Act of 1912, admitting foreign-built ships to American registry, providing such ships were less than five years old, required that all watch officers on such vessels must be American citizens. On this account alone the Commissioner of Navigation, in his annual report for 1912, expressed no surprise that advantage had not been taken of this measure.

The Act of August, 1914, amending the Panama Canal Act, extended permission to adopt American registry to foreign-built vessels irrespective of age and modified the provision regarding officers by permitting the President, at his discretion, to suspend the operation of that clause

and allow owners of such ships acquiring American registers to continue the employment of officers of any nationality whatsoever for a period of seven years under certain conditions. President Wilson hesitated for two weeks to exercise the power granted him, apparently guided by advisers who informed him that plenty of capable American officers were to be had. However, the position of American owners of ships sailing under foreign flags was that advantages offered by American registers were by no means sufficient to counterbalance the disadvantages of throwing out of employment old and trusted officers of sundry nationalities, and until the President exercised the power granted him, shipowners declined to apply for American registers.

10. The Navigation Laws

The basic trouble with our whole merchant marine policy unquestionably lies in our navigation laws. With the letting down of the bars to all sorts of foreign-built ships by the Act of 1914, it was hoped to attract to the American flag a large fleet already owned by Americans but flying other flags, and, in addition, to stimulate the formation of new companies to acquire some of the great German boats laid up in New York and other harbors on account of the European war, putting them under the American flag. The latter course became impossible or inadvisable, owing to the attitude toward such sales or transfers adopted by Great Britain and France. The deliberation manifested by previously established American shipowners was explained by practical shipping people as solely due to handicaps in many sections of our navigation laws, still unrevised, and the possibly temporary character of the Executive Order suspending the require-

ment for American citizenship on the part of officers who must be employed. Nine months after the passage of the act in question about 150 vessels of all descriptions, both steam and sail, and of all sizes, had changed to the American flag as invited by the terms of the act. Some shipowners insist that advantages accruing from American registry are by no means sufficient to offset the heavily increased cost of running their boats under the American flag as contrasted with expenses under other flags. It must not be forgotten that the ships taking advantage of the opportunity of mid-summer, 1914, to obtain American registers need not remain American a day longer than they wish. It will be possible and easy for them to change flags again unless they are satisfied that our laws will be put in permanently satisfactory form.

Among the principal objections still made by shipowners to the American navigation laws, we may note that under the American system of measurement cargo vessels are registered as from twenty-five to thirty per cent larger than the same vessels would register under the rules of other countries. Since various fees and taxes are charged on the basis of tonnage, for example, tonnage tax, dry docking, wharfage, pilotage, and other dues, vessels of American register would have to pay from twenty-five to thirty per cent more in all these items, while no corresponding benefits are derived from the United States Government. The President's Order of September 7, 1914, suspended for two years existing requirements as to measurement by American officials of vessels seeking American registers. More thorough and permanent legislation is necessary.

The cost of additional seamen required by American navigation laws and not required by laws of other nations

amounts to a serious item on all laws contemplating a change of registry. In general, existing American regulations as to survey, inspections, and times and places for measurements are considered highly obnoxious by shipowners. Rear Admiral Goodrich, in the August, 1914, issue of Navy, points out that American ships are taxed on the investment, while British ships are taxed on their profits; American ships must pay consular fees every time they enter a foreign port, while British ships pay such fees once a year only. He objects, also, to certain restrictions regarding employment and discharge of seamen relating to fees and fines.

These are some of the handicaps under which ships flying the American flag must compete with the ships of other nations. It is evident that the real handicap of American shipping is not that the United States has not been liberal with subsidies, but that it has put artificial barriers across the path of progress. The fact that such great American corporations as the United States Steel Corporation, the Standard Oil Company, the American Tobacco Company, the American Molasses Company, United Fruit Company, and others have operated all or nearly all of their steamships under the flags of other nations, is but another proof of this statement. Facts speak louder than words.

American capital and enterprise seem ready and willing to engage in foreign shipping, if the remuneration is approximately the same as they can secure in other industries, with no greater hazards. There can be no doubt as to the willingness of American owners to put their vessels under the American flag if they can operate them under that flag as cheaply as under other flags. Sacrifices that might be made for patriotic reasons must, of course,

come out of profits; they cannot be made for patriotic reasons alone until there are profits.

In any serious study of this very complicated problem, it must not be forgotten that less than one-tenth part of the ocean-going vessels of today are subject to subsidy support. The great bulk of the shipping trade of the world is composed of cargo vessels—tramps—none of which are ever subsidized by any nation; while, of course, by no means all of the established passenger and freight lines receive subsidies.

The fact of the matter certainly is that no ordinary subvention, reasonable in its scope, will in itself create a great American merchant marine. It has never done anything of the sort in any other country of the world. If subsidies are to be utilized at all, they might be applied to assisting in the establishment of fast-mail services, or to encourage the construction of merchant vessels on special lines, making them easily convertible to naval purposes. But these are purely political considerations, which must be considered independently of the commercial factors in the problem. As political features, we ought frankly to face the problem under the head of military measures. The encouragement of a merchant marine depends primarily on the enactment of navigation laws which will make it possible for American vessels to compete on terms of equality with the similar vessels of other nations.

In an effort to better this situation Congress in 1916 created a shipping board consisting of five members, authorized to secure ships by purchase, lease, etc., and to dispose of these ships in certain prescribed ways. The board also has authority in regulating water carriers along the general lines of the authority of the Interstate

Commerce Commission, except that particular stress is laid upon the removal of discriminatory practices rather than upon rate regulation. It should be noted that provision is made that the new board is not to assume authority over water carriers which is now delegated to the Interstate Commerce Commission. The law creating the shipping board and defining its authority will be found reproduced in Appendix A.

TEST QUESTIONS

1. How does the tonnage of the United States rank with the chief maritime nations today?
2. How is the American tonnage distributed?
3. Account for the prosperity of the American merchant marine down to the Civil War.
4. What economic factors tended to check American shipbuilding in the middle of the nineteenth century?
5. What effect did the Civil War have upon the American merchant marine?
6. Explain the subsidy policies of the United States and England in the middle of the nineteenth century.
7. Why did the American subsidies fail to maintain our merchant marine?
8. What experiences has the United States had with subsidies since the Civil War?
9. Explain the terms of the Ocean Mail Act of 1891. What important amendments have been added to this law?
10. What different governmental policies have been used to assist a merchant marine?
11. What are the chief arguments for ship subsidies? Against ship subsidies?
12. Explain the effect of the navigation laws of the United States upon its merchant marine.
13. What are the chief objections to the navigation laws? How have the laws been modified recently?

CHAPTER XII

THE FINANCES OF SHIPPING COMPANIES

It is, no doubt, the popular notion that the business of shipping is an assuredly profitable one. But the shipping business is by no means always or continuously profitable. It is true, as is so often remarked, that the ocean is free and that he who wishes may charter, buy, or build ships, even though he has only limited capital. Yet, none the less, a high degree of experience and trade knowledge is necessary. Moreover, for success, unlimited financial backing is essential.

The ocean is, indeed, trackless in more than the figurative sense. Although it is unnecessary in planning a shipping route by water to buy expensive rights of way or to invest heavily in rails or road construction, and although the road costs nothing for maintenance, yet the shipping business is subject to vicissitudes unknown in other forms of transportation and to peculiar conditions not encountered elsewhere. To sentiment and to patriotic aspirations are to be ascribed one or two recent attempts to establish certain steamship lines under the American flag, or at least under American control and management. The disastrous outcome of some of these experiments is attributable partly to ignorance and inexperience in the highly technical details of shipping business, partly (it would seem) to quixotic ideas and methods of business, and partly to insufficient financial resources. There is no more a royal road to success in the shipping than in any other business.

The uncertainty of a shipping company's revenues and the relatively small returns on the capital invested compared with profits otherwise obtainable in this country have probably been responsible for the reluctance manifested by American capital during the past half century or more to engage seriously in this form of business. The popular idea of the profitable nature of this business has, perhaps, been confirmed, to some extent, by the undoubted prosperity of certain old trans-Atlantic lines. These lines, owing to their fame as passenger carriers, are the ones best known to the average citizen by name only. They are, however, by no means the principal element in sea-borne traffic, constituting only a small fraction of that traffic. Furthermore, many of these lines have very recently seen dark and gloomy years, serious losses, and untold anxiety on the part of management and shareholders.

1. An Era of Small Profits

The United States Commissioner of Navigation, in his report for 1902, declared that in the previous year (1901) out of 89 leading steamship lines 33 lines—37 per cent of the total—paid no dividends. The Boer War of 1900 called into the English army transport service many steamers of all classes. This resulted in a shortage in freight carriers for the world's commerce. Freight rates, reflecting that shortage, rose to a highly remunerative point. With the release of the vessels employed by Great Britain, freight rates immediately fell to a basis that was not only unremunerative but that involved serious losses. There ensued a surplus of tonnage, which resulted in rate wars between lines plying from the United States and

England to Australia on the one hand, and between other lines plying from both countries to South Africa on the other hand. This severe competition, as has been declared by steamship managers under oath, resulted in losses that sometimes amounted to from $5,000 to $10,000 per steamer voyage.

In March, 1905, a British shipowner stated that "the average British sailing ships of over three thousand tons (dead weight) have lost about £1,000 each per annum during the last three years and that smaller vessels have fared almost as badly."[1]

One of the prominent English shipping trade papers published in January, 1913, an elaborate résumé and analysis of the financial history of cargo boats for nine years past. Its conclusion showed that while dividends in 1912, a year of remarkable prosperity, averaged nearly seven per cent, the grand average for nine years was only three and three-quarters per cent. Moreover, the amounts written off by the companies for depreciation, which conservatively ought to be at the rate of five per cent, actually averaged but little more than half as much, although the life of steamers in some trades cannot nowadays be calculated conservatively at over twenty years.

The statistical representation of cargo-boat finances for the years 1904 to 1912 given in Figure 51 supports the contention made with regard to the actual income of such vessels.[2]

[1] Quoted by Dr. J. Russell Smith in *The Ocean Carrier.*
[2] *Fair Play*, January, 1913.

Year	Paid up Capital	Debenture Loans	Book Value of Steamers	Number of Vessels	Tons (Gross)
1904.....	£7,594,278	£3,157,128	£10,753,752	393	1,184,358
1905.....	8,577,424	3,775,681	12,353,849	464	1,362,049
1906.....	8,081,800	3,669,142	12,130,285	433	1,336,823
1907.....	9,167,359	4,448,905	13,732,764	490	1,516,401
1908.....	9,622,401	4,409,343	14,338,652	533	1,695,837
1909.....	9,517,011	4,985,051	13,915,494	508	1,603,341
1910.....	9,457,650	5,548,999	14,610,877	522	1,725,335
1911.....	9,883,584	6,261,588	15,717,739	535	1,833,360
1912.....	10,559,843	6,058,067	16,477,354	561	1,981,209
Average...	9,162,361	4,701,545	13,781,196	493	1,582,079

Year	Profit on Voyages	Dividend on Capital	Per Cent	Depreciat'n Written off	Depreciat'n at 5 per cent
				£ 216,154	£ 622,154
1904.....	£ 640,541	£277,129	3.64	238,505	740,901
1905.....	762,698	286,005	3.33	348,651	731,971
1906.....	979,545	327,445	4.05	413,390	832,716
1907.....	1,079,257	383,077	4.17	393,696	876,170
1908.....	1,145,387	335,165	3.48	189,043	837,890
1909.....	647,997	179,886	1.89	290,115	864,187
1910.....	842,511	217,681	2.30	506,040	943,088
1911.....	1,471,541	370,061	3.73	1,463,919	1,011,028
1912.....	2,869,516	720,558	6.82	451,057	828,964
Average...	1,159,888	344,112	3.75		

FIG. 51.—Statistics of Cargo-Boat Vessels

2. HIGH OCEAN FREIGHT RATES

For two years past sudden and, to some people, inexplicable advances in ocean freight rates have been put into effect. Loud protests have been evoked in consequence. In 1911 tramp steamers could be chartered on the so-called net form for about 3 shillings and 6 pence per ton per month on the dead-weight carrying capacity of the ship. These rates obtained for voyages from some United States ports to European ports. Within two years 14 shillings and 6 pence were paid. Then the rate dropped down to 9 shillings in October, 1912.[3] During this same

[3] Proceedings of the Committee on the Merchant Marine and Fisheries in the Investigation of Shipping Combinations. House of Representatives, Sixty-second Congress. Testimony of W. G. Sickel, Vice-Director in charge of traffic of the Hamburg-American Line, page 817.

two years, rates on general cargo by liners have been advanced from fifty to one hundred per cent and more.

During the first half of 1913 a Committee of the House of Representatives investigated shipping combinations, endeavoring to ascertain whether these advances have been necessitated by the law of supply and demand, or whether rates have been arbitrarily increased by agreements among the shipping companies and, if so, to what extent.

However, it may be pointed out that very few of the big exporters of this country have joined in the hue and cry against the steamship companies. It is apparent that unless shipowners are able to average their meager profits during periods of depression with large profits during years of prosperity, the result surely will be such a curtailment of shipping services as will automatically bring about high rates.

The European War, which is raging as this book is going to the press, has necessarily thrown all former rates and adjustments into utter confusion. What the final outcome will be—whether rates will return to their former basis or will be entirely reconstructed—is impossible to forecast at the present time.

3. Profits and Losses of Some Well-Known Lines

The great trans-oceanic lines, best known to the public because of their popularity as passenger carriers, have in most cases experienced fluctuations in their revenues similar to those of the freight boats. The average man is possibly misled in this regard by stories to the effect that the White Star Line declared a 30 per cent dividend this ar a dividend of 60 per cent; and that prior

to its absorption by the International Mercantile Marine Company it had been paying 100 per cent. Stories of the earlier history of this company are declared to be largely fictitious. So far as its present position is concerned, it should be borne in mind that the White Star Line, unlike most similar companies, sets aside little of its revenue for depreciation or for insurance purposes. It pays its dividends, not to an assorted company of shareholders, but to the holding company, the International Mercantile Marine Company, which, as a whole, provides for these items in the budgets of its subsidiaries. It has been estimated that if the 30 per cent dividend declared for 1912-1913 by the White Star Line had been computed on a basis similar to that adopted by most companies, it would have been reduced to approximately 10 per cent. Dividends declared by other well-known passenger lines during the past six or eight years range from nothing up to 15 per cent per annum.

The following extract from a table published in the special shipping number of *The Times,* of London, bearing date of December 13, 1912, recapitulates the dividends, including bonuses, of some well-known lines from 1906 to 1912, inclusive.

	1906	1907	1908	1909	1910	1911	1912
Anchor Line	—	8	6	nil	5	7	7½
Cunard Line	5	5	nil	nil	5	7½	—
P. & O. Deferred	13	13	13	13	13	13	15
Pacific Steam Navigation Co.	6	5	4	4	5	6	—
Prince Line	5	5	3	2½	7½	10	—
Royal Mail S. P. Co.	nil	2½	2	3	4	5	—
Union Castle	—	—	5	5	6	—	—

From various issues of the New York *Journal of Commerce* during the first six months of 1913, it appears that annual dividends have, since the above date, been de-

clared as follows: Anchor Line, 12½%; Royal Mail Steam Packet Co., 6%; Cie. Générale Trans Atlantique, 5%; Hamburg-American Line, 10% (dividend last year in the case of this line was 9%).

It seems clear enough, then, that the shipping business is not invariably a gold mine for even the most intrepid man of business, no matter how expert he may be in the complex problems of this form of commerce. The brighter side, as it has been especially manifested during 1911, 1912, and 1913, may be illustrated by quotations from the annual report of the American consul at Cardiff, Wales, which deals especially with the great coal shipping trade from that port to the four quarters of the globe.[4]

4. Speculative Aspects of the Shipping Business

Not only do the fortunes of shipowners run the uneven course indicated, but much of their business is highly speculative. Profits depend not alone on crops, financial conditions, and commercial developments in scores of the world's markets; not alone on the supply of vessels to move cargo as it offers. They also depend frequently on merest chance in having a ship available at the psychological moment. This becomes clear when it is understood that there sometimes occurs a difference of as much as ten or fifteen per cent in the charter rates of two steamers between two identical ports in the course of a single month. The higher price is demanded because of the expectation that the steamer involved would arrive at destination at a favorable opportunity for securing immediately another cargo at highly remunerative rates, whereas the first steamer would have been subject to a

[4] Daily Consular and Trade Reports, Sept. 11, 1913.

delay of many days, or to the acceptance of cargo of a different nature at much lower rates. During the year 1912 charter rates on bulk commodities fluctuated over a scale of almost 100 per cent.

The year 1912 was notable not alone for the high rates of freight, continuous employment of vessels, and consequent general prosperity among shipowners and shipbuilders. To turn the picture, this same year was notable also for the heaviest losses ever recorded in the history of marine insurance. The total loss from maritime casualties borne by Lloyd's and the British marine insurance companies has been officially estimated at £7,250,000. Altogether there were 6,031 casualties to vessels of 500 tons gross and upwards. No fewer than 228 ships of 483,158 tons were totally lost. The Liverpool Underwriters' Association, in January, 1913, estimated the total loss caused by the more important casualties during the previous five years at £29,338,000. While the bulk of these losses falls on marine insurance companies, the shipowners themselves suffer heavily even when their own self-insurance funds, set aside year by year from the earnings, cover the actual values destroyed. The loss involved in possible profits from the services of a missing vessel, for example, may amount to really serious figures.

These facts lead us to the conclusion that whatever romance or glamour there may be about sea-borne shipping, the business is not especially attractive from a financial point of view. With certain exceptions, profits are small and the business is fluctuating and uncertain. It is difficult to control because of the ease with which competitors may enter the field. It is subject to many losses due to such uncertainties as the elements, accidents, and the fortunes of war. The business should be classified

as speculative in character. In view of the uncertainties and the disastrous experiences of many shipping interests during the last decade or so, we may assume that American capital willing to enter the ocean-shipping field will be restricted for some time to come or so long as other opportunities for investments at home appear more certain and more remunerative. Possibly our longed-for American merchant marine may most surely and on soundest lines develop from the growing fleets of some of our great merchants and manufacturers, which during the past few years have gained rapidly in favor. A successful shipping business cannot spring into being over night; both time and experience are required.

TEST QUESTIONS

1. What has been the general state of shipping profits during the early part of the twentieth century?
2. How did the popular notion that the shipping business is a profitable one arise?
3. Why do ocean freight rates fluctuate greatly during different periods?
4. What are some of the speculative events which influence shipping prosperity?
5. What factors influence capitalists to invest money in the shipping industry?

CHAPTER XIII

GETTING FOREIGN BUSINESS

1. Introduction

Our study up to this point has been confined to shipping and handling export freight. If we now review briefly the ways and means of getting and building up a foreign business, the discussion cannot be considered out of order, for it is a well-known fact that there are comparatively few American manufacturers who have no business in foreign countries. Without being sought, perhaps without having been especially wanted, such orders have drifted down on hundreds of our manufacturers.

If these foreign shipments are to be handled at all, it becomes imperative that they shall be handled in the correct way. It is certainly true that much of the enormous export trade of the United States came to us unsolicited in the first instance. However, the time long ago arrived when progressive manufacturers began to realize the profits and the advantages to be found in foreign outlets for their products. Now the day has fully dawned when anxious inquiries are being made as to the best methods to employ for getting more of these orders from other countries.

2. Four Ways of Obtaining Export Orders

At least four ways of getting foreign business may be distinguished. The manufacturer or merchant who is

really in earnest in his desire to build up his export trade will use all of them, and will elaborate on each one with all the ingenuity at his command. He will employ all his business experience and native ability to get introduced into foreign markets, to stay introduced, and to pull out of each field every cents' worth of business to be had there.

The four ways of breaking into foreign markets that are at the disposal of American manufacturers are, in the order of their relative importance: (1) by means of traveling salesmen; (2) by advertising; (3) through direct correspondence with foreign "prospects;" (4) in work among the so-called export commission houses of New York and, to a limited extent, some other ports, notably New Orleans and San Francisco.

(a) Traveling Salesmen and Work Among Export Commission Houses

The traveling salesman taking the factory message direct to possible buyers in attractive foreign markets is, undoubtedly, the ideal means of getting business. This is possible only when the American house has the right sort of a salesman to send—and this is a vital consideration—or has the money to spend on what, in its early stages, may appear as something of a speculation. But this phase, like the fourth, work among export commission houses, belongs quite as properly under the heading How to Develop Export Trade and may appropriately be postponed until the next chapter.

(b) Advertising for Foreign Trade

Comparatively little advertising in connection with the export trade is based on the general publicity theory,

although manufacturers are gradually coming to realize that that theory holds equally good in export as in domestic fields. However, most Americans advertise in the journals devoted to exporting purely to secure customers or agents. Most of them realize that a mail order export business is not thus to be developed, or if it is possible, is not by any means the result chiefly to be desired. The aim of export advertising should be the establishment of promising business connections in all and sundry foreign markets. The trade thus started may or may not run into big figures at the outset. In either case, the far-sighted manufacturer is satisfied, for he realizes that the great thing is the establishment of business relations. With fair and intelligent treatment, the connections so established will produce an ever increasing volume of trade, through five, ten, or an indefinite number of years to come.

But the advantages resulting from shrewd export advertising extend even further than this. For example, the salesman despatched by a manufacturer finds to his satisfaction that when he presents his business card to a merchant on the other side of the globe he is not the representative of a totally unknown and unheard of manufacturer. The prospective customer at once recognizes the firm or company name, even if he recalls nothing else in connection with it. He is, therefore, predisposed to accept the traveler as a representative of a large, or at least a well-known house. This is by no means the insignificant trifle it may seem to the inexperienced; for to our shame be it confessed, merchants in other lands have had experiences far from conducive to confidence in unknown American exporters as well as in their traveling representatives. It sometimes surprises large American firms, known, perhaps famous, in every state of the Union,

to find that they have never been so much as heard of in foreign countries. In beginning export trade it is deeds only, not reputation, that can be relied upon.

Preparation of Advertising Copy.—Assuming, however, that the main purpose of most manufacturers in patronizing the advertising pages of export trade papers is to establish connections in desirable foreign markets where such mediums circulate, it is clear that the preparation of export copy requires unusual, or rather individualized attention.

Since any advertising, domestic or foreign, is bound to call out a certain proportion of replies from mere curiosity seekers, it is often argued that copy should be devised to restrict such replies to the minimum. On the other hand, in the export trade, it is to be questioned if precisely the contrary result ought not to be aimed at. This form of advertising is neither general publicity nor mail order. At best nothing more in the way of actual, tangible business is to be expected than a possible order for samples of insignificant cost.

The whole story can not be told in the announcement and many advertisers feel that copy should be so attractively worded as to bring in the largest possible number of replies. Afterward these may be carefully scrutinized and sifted. Such advertisers seek an opportunity of explaining in detail the advantages of their line to those correspondents who have been attracted by the advertisement and have fancied that here they may find novelty, cheapness, or excellence of some sort which can be turned into profits for them. They write to find out, and it is the part of the advertiser then to sell his goods to the prospects thus developed. Possibly, therefore, the

more opportunities to tell his story at length that the advertiser unearths, the more chances he has of getting actual orders.

(c) Foreign Correspondence

The very backbone of any export business must be correspondence. No matter how many salesmen may be sent to foreign markets, such salesmen cannot visit all markets nor remain the whole year in any market. Business opportunities in other countries will constantly arise which must be developed through correspondence. Replies to advertisements must be turned into orders through correspondence. Not only must foreign business be started in this fashion and future continuance and growth also thus developed, but complaints and dissatisfaction must be settled through the mails.

One cannot always, in fact one can seldom or never, reply to a letter from 1,000 or 10,000 miles distant with:

"Our Mr. Blank will be in your city in a week or two and take pleasure in showing our full line of fall samples"; or:

"Shall be able to adjust your complaint to mutual satisfaction."

The manufacturer who replies to an enquiry for catalogue and prices with:

"Yours rec'd. Under separate cover we send catalogue and take pleasure in quoting our best discount of 5-10-5 and 5, cash to accompany order. Yours truly,"

will get little export trade, and deserves less.

Selling goods and arranging business details by letter simply involves transferring to paper the arguments and something of the very atmosphere of every-day business talk. It should not be a difficult task, yet many men botch

it inexcusably. Some hints may be offered that will, perhaps, help in dictating to a stenographer letters which will be as effective as a face-to-face conversation.

Effective Letter-Writing.—The strongest feature of an advertisement or of a selling letter is usually the individuality of the goods offered. Price is almost invariably a minor consideration. Who has ever met the man who could swear that his goods are the cheapest in all the world? Somebody is always bobbing up with something cheaper. Moreover, in every market there are buyers for expensive goods as well as for cheap goods; some merchants who want the very best there is to be had as well as those who are content to cater to the masses. The characteristics which differentiate an article from others of the same general kind are of infinitely greater importance than the price. Convince a prospect, in Buenos Aires as in New York, that you have something better, something different; a tool that will do more work, or do it more cheaply, or last four times as long; offer a prospect a cue that he in turn can use effectively in reselling the goods to his customers, and slight differences in price are forgotten.

Both in advertising and in selling by letter this is just as true in dealing with customers in Australia or Chile as with our fellow citizens in the United States. But the manufacturer has nothing but his letter to depend upon in the case of the foreign prospect. He cannot get an answer in two or three days or a week. It will be two or three months before he can hear from many of his prospects and customers in foreign markets. Every letter, every phrase in every letter must, therefore, be efficient. His correspondent must be made to understand from his first letter just how and why his goods are better or

more desirable; the whole story must be told. Since he is talking to men of other blood and breeding, of other habits and experience, knowing little if anything of American trade practices (although much, perhaps, of those of other countries, Germany or England, for example), the story must be clear and simple. The high lights must be vivid, but beware of Yankee braggadocio. Forget American slang; forget that your factory is the "biggest in the world;" eschew trade technicalities, for our trade terms are often incomprehensible in other countries; write as you would to a kindergarten class, politely, of course; respectfully and diplomatically convey an impression of strength, solidity, importance, that all the boastfulness you could invent would fail to carry.

However effective the short, snappy letter may be here at home, you can not rely on it to carry many thousands of miles over seas. Better a full letter of three pages than the most clever concoction of half a page that entails fresh inquiries and explanations and the wasting of weeks and months of time. One must never assume that his foreign correspondents are mind-readers. Interesting subject matter, cleverly aimed to catch the eye and rivet the attention, will carry the reader through to the last line of a long communication. But nothing could be more unwise than to assume that one's foreign correspondents are children, simply because of a certain unfamiliar tone in their letters which the amateur in doing business with foreigners may characterize as ignorance or innocence. On the contrary, business men in other countries are quite as shrewd and clever in their own ways as are Americans. Their methods and customs differ from ours, perhaps, but are no stranger to us than ours are to them.

Trade Terms and Phrases.—American manufacturers have adopted the unfortunate habit of coining many new terms; even of attaching their own or new and strange meanings to older terms. Many catalogues produced in this country are unintelligible to Americans even who are not themselves engaged in the special line of trade treated. Often enough, we ourselves have to ask explanations of the makers of goods with which we have not before been acquainted. The value of the advice to avoid technicalities in foreign correspondence may be made clear by concrete examples.

American boot and shoe manufacturers have reversed the original and proper significance of certain trade classifications. We call boys' sizes the range from 2½ to 5; youths', from 11 to 2. But a youth is an older and presumably larger animal than a boy, and British manufacturers reverse the American nomenclature. In England youths' sizes are those that we call boys'.

The British use of the word "wrench" differs from ours, and "spanner" is still the more common term among English engineers and mechanics for our wrench. The fact that the world-wide sale of the American article, accompanied by our appellation for it, has made "wrench" everywhere understood should not tempt manufacturers of articles less widely known and introduced to try to force their own phraseology on foreign customers. Some study (possible even at long range), of foreign and especially English trade terms and customs is indicated.[1]

The greatest possible individuality should be attached to the goods that are offered for sale. This is possible in all lines, even staples. Sugar, for example, may be

[1] Hough, B. Olney, Elementary Lessons in Exporting.

put up in special boxes or cartons and sold under a catchy name. If there are no startling qualities actually inherent in the goods themselves, sometimes claims for novelty, originality, individuality can nevertheless be urged. Yet one maker's vinegar is not precisely the same as that of another maker. If a manufacturer's ingenuity or flow of language or thought is not equal to the task of forcefully presenting novel claims for his goods, then refuge may be had in an impressive trade-mark which may be so emphasized and pushed that it will ultimately become a standard and actually sell the goods. Trade-marks, by the way, are always and everywhere in foreign fields peculiarly valuable assets. People in other countries are far more firmly wedded to names and marks, once favorably introduced, than are we restless Americans.

All foreigners are much more fond of formality in correspondence than we are. The American may smile at the "we are, Gentlemen, your obedient servants" of his English customers; may sneer at the "S. S. Q. B. M." of his Spanish-speaking customers when he learns that those symbols translate into "your servant who kisses your hand." However, he will make no mistake if he revises the tenor of his usual correspondence and makes slight concessions, at least, to the prejudices of those abroad from whom he is seeking to secure orders, signing himself, perhaps, "Yours faithfully," instead of his customary "Yours" or "Yours truly." On no account must he indulge in such barbarisms as the rubber stamp signature or the very modern but absolutely unpardonable "Dictated but not read" or "Signed in the absence of ———."

Language to Use.—Many of the leading merchants of every country are able to read the English language, even

when they dare not trust themselves to write or speak it. If the principals cannot, there is usually someone in their employ who can. None the less in seeking orders the most effective possible appeal should be made. This unquestionably is accomplished by putting one's case before his prospect in the latter's own language. English, French, German, Spanish, and Portuguese will suffice for the whole commercial world—Portuguese, not because it is so important or widespread in itself, but because the Brazilians are intensely jealous of their Spanish-speaking neighbors and proud of the fact that they have a language of their own which they are anxious the rest of the world should acknowledge.

English or (rarely) German suffices for the Scandinavian countries, where Danish or Swedish will never be required save with correspondents of the smallest calibre. French answers perfectly well for all important business houses in Italy. Translators are so readily and cheaply procurable everywhere nowadays that small excuse exists for failure to talk business on paper to prospects or customers in their own tongues, or tongues that they use frequently and easily.

A great deal of misapprehension exists as to the possibilities of starting business solely through correspondence. Americans are constantly berated by their amateur critics for the attempt to develop business in this fashion. Consuls, particularly, are fond of pointing out that business in their districts is utterly impossible from catalogues alone. Yet it is most seriously to be doubted if there exists an American (or any other) manufacturer, doing any export business at all, who cannot congratulate himself on some large and profitable accounts started in precisely this way, which never have been, and probably never will be, cultivated by personal visits.

Our critics are prone to forget that manufacturers do not expect a customer, not even a "bite" from every letter sent out. A large number must be distributed to secure a single inquiry—perhaps one interested reply to every hundred circular letters (of the best type) is a fair average. But if an actual order is developed from a thousand letters the system is to be pronounced successful. The mathematical calculation as to costs involved is easily performed mentally, and the profit is not alone to be figured on the initial order but on many future orders from a permanent connection thus established. It is not too much to assert that there does not exist an American exporter who has not established some business connections solely through correspondence, while there are some within the author's personal acquaintance who have never developed foreign trade in any other way.

The personal letter, actual or apparent, is always a much stronger appeal than the self-confessed circular. This is peculiarly true in the export trade, above all in the trade with Latin-America. Whenever letters printed in facsimile of typewriting are employed, the greatest care should be exercised in exactly matching inserted addresses and salutations to the body of the letter.

Circulars and Catalogues.—Circular letters referring to catalogues under separate covers should contain something more than a brief notification. Some part of the manufacturer's story should be told, or at least hinted at, in the letter itself. The printed matter may not arrive by the same mail—in some foreign markets may be delayed a week or two. In any case it is most desirable to include in the letter some brief synopsis of the most striking and effective talking points of a line in order to enlist the

recipient's curiosity and thus insure his opening and reading the catalogue.

In what languages should export catalogues be printed? This depends on the pocketbook of the exporter. Probably the majority of manufacturers begin with an English, usually the ordinary domestic, catalogue only. They try out possibilities in this manner, later deciding on their policy as to new catalogues according to the encouragement received. No manufacturer should spend any money in the effort to establish an export trade unless he is confident of his ability in that direction and fully intends to stick to the effort patiently and follow it up to success. For this reason it would seem that the advantages to be derived from printing descriptions, and selling arguments in languages that will be most effective would far outweigh the expense necessitated. Some manufacturers compromise the difficulty, using an English catalogue with a brief résumé, a special circular, in the requisite languages. They make an insert of this suggesting inquiry as to explanations and descriptions which will be taken up in detail by letter.

In the preparation of special export editions it is not always desirable to reproduce the whole of the domestic edition. The latter almost invariably lists some goods not entirely suitable for trade in other countries. Two editions may be prepared for export; one small and cheap for general circular work, the other complete and more elaborate for regular customers and really important inquiries. Remarks applying to the style and terminology of letters apply with equal force to the writing of catalogues.

The question as to what prices should be quoted in general circular letter campaigns admits of but one answer.

However virtuous the principle of one price to all may be considered, it assuredly is not good policy in the export trade. It is a practical certainty that circular quotations will reach all classes of merchants large and small, and with varying credit and financial responsibility. If, as many manufacturers believe, the great thing is first to get goods introduced somehow—to consumers, to small retailers, anyhow, so long as the goods get on the market—the great aim and expectation will be ultimately to get them into the warehouses of the biggest or best people in a given market. It is evident, however, that when the big man finds that the little fellows (those whom he regards as his legitimate customers) have been enjoying the same prices that he must pay he will promptly lose all interest in the line. Moreover there are other possible allowances to be foreseen and provided for—special inducements to New York export commission houses, for example.

Foreign Postage.—To conclude, there is the perennial question of foreign postage. It is more or less generally acknowledged that in this respect Americans are the worst offenders in the world. It may be doubted if the cause is mere ignorance as to the rates of postage to other countries, or of the fact that recipients of letters not fully prepaid are taxed double the deficient postages, thus inducing a frame of mind not exactly calculated to predispose them to consider the letter writer's proposals favorably. The real trouble in the office of the average business house is pure carelessness, usually on the part of office boys and mailing clerks. Among many schemes proposed to insure proper prepayment of postage perhaps the best is the use of special envelopes, of unusual size or color, or those ready-embossed with five cen

stamps which stenographers should be instructed to use these without exception in addressing foreign letters. This brings the responsibility home to the heads of departments who must see each individual envelope when signing the accompanying letter.

TEST QUESTIONS

1. What four ways of getting foreign business does Mr. Hough mention especially?
2. What does he say about the traveling salesman as a method of getting new business?
3. What can you say about general publicity advertising for getting foreign trade?
4. What has been the aim of the export advertising carried by most American firms?
5. What points should be considered in the preparation of advertising copy?
6. Why is foreign correspondence the backbone of the export business?
7. What is the strongest feature to be emphasized in a letter?
8. Why should slang be avoided in foreign correspondence?
9. Illustrate the care that must be taken in the use of trade terms and phrases.
10. Why is formality so important in a business letter to Spanish-speaking customers?
11. What conditions would guide you in selecting a language in which to conduct foreign correspondence?
12. What points would you bear in mind in the preparation of catalogs and circulars in the development of foreign trade?
13. Why is it important to prepay all postage on foreign mailing matter?

CHAPTER XIV

DEVELOPING EXPORT TRADE

1. Traveling Salesmen for Foreign Territories

Traveling salesmen have been classified as a means of developing, rather than starting foreign business, largely because few if any manufacturers begin export business by sending them out. This is due to the fact that they are content to test foreign fields in less expensive ways at first, and because no concern sends its salesmen to all foreign markets and few of them keep salesmen continually at work in any given market. No one questions the vastly superior results to be gained from the work of a good salesmen as compared with returns obtainable in any other way.

The manufacturer who can afford to do so, having discovered that there is a demand for his goods that appears to be susceptible of development in a special market, or several of them, should by all means despatch the best salesmen he can find to cultivate the promising field. But most conservative business managers wish first to be convinced that their goods can be sold in these markets in quantities and at profitable prices. That test is usually made in ways suggested in the preceding chapter.

American manufacturers are still constantly upbraided for not using salesmen more generally in seeking foreign business. Some of the criticism aimed at us is amusing in its absurdity. An American consul in Turkey in his

published reports for ten years past has been complaining that no American salesmen visit his district. But he is located in a town of not over 50,000 population, a twelve-hour carriage ride inland from the nearest seaport. No wise salesman making a trip to Turkey would consider it worth while spending the time required for this inconvenient and none too promising détour.

Not only the volume of business in sight but the prices at which that business can be booked affect the operations of a foreign salesman. The author is acquainted with a salesman for a Lyons (France) silk manufacturer who once every two years makes a thorough tour of Colombia, visiting on horse or mule back every town of any commercial importance in that republic. When the author expressed astonishment that so much time should be spent and so many hardships undertaken to get orders that are far from imposing in quantity, he was told that the prices at which these orders were taken were from 25 per cent to 50 per cent over the prices paid by customers in more important commercial centers.

(a) Qualifications of Salesmen

Having determined to send a salesman to a foreign territory to which a trip seems desirable, the question arises —what salesman shall be sent? Shall it be an old employee, thoroughly versed in the factory products but unfamiliar with export conditions, speaking no language save his native English; or shall it be a specially engaged salesman familiar with the ground to be covered, acquainted with prevailing customs and local characteristics and fluent in the language used by prospective customers? If any general reply can be made to this inquiry it must be that probably the factory employee is the preferable. This is especially true if any considerable technical

knowledge of the goods themselves, their nature or uses and their advantages, is necessary or desirable.

However it is unfortunately true that only a small proportion of American salesmen make a success in foreign fields. To do this it is necessary for them to stick to their work abroad long enough to wear off certain characteristics which may have actually helped them to get business here at home, but prove a heavy handicap in other countries.

While a little Yankee breeziness will do no harm in foreign traveling, is perhaps more or less expected and regarded as amusing and piquant, yet slang, braggadocio, swagger, familiarity, so common with us here at home that we scarcely notice them, are regarded by foreign merchants as insulting, or at least incomprehensible.

The American salesman chosen to travel in foreign countries must, first of all be a gentleman, fitted to mix socially with the best there may be in the cities he is to visit, for he will solicit orders from the biggest and best of the merchants (the small dealers probably do no direct importing from over sea); he must be broad-minded, adapting himself easily and promptly to new surroundings and atmospheres, capable of discovering the good features in new and strange customs and habits; he must be a real diplomat, versatile and well-read; if not proficient in the language of his customers, he must have at least such a facility for acquiring other tongues as will enable him quickly to pick up a smattering of the one desired.

And he ought to be several other things also. Such a Chesterfield is not easily or usually found, is not to be expected. But the salesman who does not approximate in some limited degree these several qualifications had

better be kept at home, on his accustomed rounds. In foreign markets he will not reflect credit on his house, or his country, nor will he send back a satisfactory volume of orders from the right people.

(b) Expense of Salesmen

The expense involved in drumming foreign markets by salesmen sent out direct from the factory will, inevitably, be considerable. The salesman that should be sent will be worth, and should be paid, a salary of anywhere from $3,000 to $10,000 a year. His traveling expenses from home city back again will not average less than $11 or $12 a day (including steamer fares, tips, etc.), and may run very much more, especially if samples are carried. It would be difficult, in some cases, to make a short and hurried trip for the daily expense just named, but for any long trip, from four months upwards, the average given may be counted upon, no matter what direction the trip may take.

Much depends, of course, on how much entertaining the salesman is expected to do. Here it may be remarked incidentally, that the necessity of automobile rides nowadays has added materially to the salesman's entertainment expenses everywhere. In averaging daily expenses the quantity and nature of samples that are carried are even more vital. In many countries custom-house procedure in entering and clearing samples (to say nothing of duties) is costly and involves loss of much time. Moreover, (outside of Europe) comparatively few foreign hotels boast sample rooms or permit ordinary chambers to be used for that purpose. In such cases special rooms or vacant shops have to be hired. Further-

more in almost all Central and South American countries, in South Africa, in Australia, and New Zealand, salesmen's licenses may have to be procured. They may cost several hundreds of dollars in a single country, each separate province or state, sometimes each municipality, imposing its own individual tax. But ingenious as well as experienced foreign travelers seldom pay these taxes, managing to circumvent the laws in a variety of ways.

(c) Shipping Samples

Since the arrival of a salesman accompanied by several trunks of samples as "baggage" at once brands the traveler as subject to a tax for license, it frequently happens that salesmen ship their samples ahead as cargo. The salesman secures a regular bill of lading, by the same vessel on which he himself proceeds in the guise of a simple tourist. The sample trunks or cases may be consigned to some reliable customhouse or forwarding agent, or, preferably, to a local agent or merchant with whom business has already been initiated, or with whom the salesman hopes to begin business. Immediately after arrival the salesman visits the consignee, explaining matters, delivering bill of lading and soliciting his coöperation in getting the samples through the custom house.

This plan involves paying duties which together with all other expenses are, of course, borne by the visitor. In some countries it is possible to deposit the amount of the duty, or have a bond filed to cover that amount, and on leaving the country obtain a refund of the deposit or cancellation of the bond. However, this proceeding is almost invariably accompanied by so much red tape, delay, and annoyance that traveling salesmen usually dis-

regard the refund and consider it actually cheaper to charge the outlay to expense. Of course this would not be the case if a large sum of money were involved. This is one of the reasons that many traveling men have separate sets of samples shipped ahead of them to the various countries they plan to visit, selling each set, duty paid, when ready to go on to another field.

New, inexperienced salesmen sometimes ask, to whom they can consign their sample cases, shipped as cargo, when it is their first visit to a market. It is easy enough for anyone to learn from inquiries of sundry authorities the names of reliable custom house agents in all parts of the world. Frequently, however, it is far more desirable to use this as a means of introduction to the house with which the salesman most wishes to establish business relations. Incomprehensible as it may seem yet it is all too common a fact that at this point many a new salesman will break in with: "But I don't know any business houses there!"

The idea of a man's starting out on a long and expensive trip in the hope, if not expectation, of selling goods in certain markets about which he knows nothing is sufficiently startling. Not only such a salesman personally, but his principals as a house ought to know all about a market before attempting to drum it even by correspondence, to say nothing of sending traveling salesmen. They ought to know the names of all the leading merchants and the chief characteristics of each one; the relative importance of each house, its responsibility, etc.; what lines are handled; what competitors have already secured a foothold. To start on a selling trip without such a knowledge is to incur needless delay and expense at every turn. Such information is by no means

difficult to secure. The "service" departments of most of the export trade papers give advice of this sort free of charge to their advertisers.

The exporter should remember always that a certain risk is incurred in consigning samples to business men anywhere with whom there have been no previous business transactions. Certainly nothing of the sort ought ever to be attempted except when there is reason to suppose that the favor asked (always, of course, by earlier letter) will not be regarded as an imposition.

When samples have been landed in a foreign country where licenses for salesmen are required, in some such way as has been suggested the visitor works with the house that has helped him in and under the license issued to that local house, requiring no additional license for himself. But a word of warning must conclude our consideration of this subject: in some countries rewards are given for the exposure of salesmen who attempt to evade payment of local taxes. Local concerns have been known to put the authorities on the track of such foreign salesmen, even when business has been transacted between them.

(d) Combination Salesmen

On account of the expense involved in sending abroad the factory's individual representative, "combination" salesmen are sometimes employed. Theoretically, this scheme of sending with one man the samples of eight or ten manufacturers, each of whom contributes pro rata, or in some agreed-upon proportion, to the necessary costs of a trip, might work to the satisfaction of all concerned. In practice, it is almost without exception a failure. It is seldom that such a combination survives its first trip, or

first season. Even when reconstructed from time to time, it rarely lasts two or three years.

As for the salesmen who undertake these ventures, they usually drop out of sight, so far as the export trade is concerned. There will always be some of the factories represented that will proclaim the salesman a thief and a robber, because he took their money, contributed towards costs of a trip, but got no orders.

Reasons for the failure of these combination ventures are not far to seek. Most of them are engineered by men of little if any experience in foreign business relations. They may have devised the scheme because they believe the development of a profitable business thus possible, or because they want to see foreign countries, peoples, and trade at some one else's expense. But even when the salesman is a man of wide and thorough export training and experience, it always results that after two or three good selling accounts have been secured the remaining houses, required to contribute to the expenses of the trip, will be hard to persuade of the value of the combination arrangement. The salesman, no matter how honest his intentions, is certain to take on whatever manufacturers he can finally persuade to part with the necessary funds, whether or not the goods they make are suitable for the markets to be visited. Lines utterly dissimilar are carried, involving either neglect of some or unduly long stops in each market in order to cultivate varied kinds of merchants, with increased expense and slow progress. Ultimately the salesman finds it necessary to follow the lines of least resistance, sells the goods that sell most easily, and overlooks the others. Those manufacturers for whom no business is secured quickly retire from the combination, and the salesman returns home either disgusted

with the scheme or to spend weeks or months in the effort to hypnotize new manufacturers to fill up the holes thus left. This process is seldom repeated for many successive trips.

(e) Following Up Salesman's Work

All too frequently the manufacturer who has sent a salesman on a trip rests content with the business connections thus established and returns the salesman to his domestic territory; or, if a special man had been taken on for the foreign trip, discharges him to save further selling expense. Either course is distinctly unfavorable to the future development of the business thus encouraged, if not initiated.

A trade once opened up ought to be kept in that condition. The inroads of competitors must be guarded against; the interest of customers kept alive; their personal acquaintance continued and cultivated. If the visit of the salesman can not be repeated year after year, yet occasion ought to be found for another visit in two or three years at least. Within such periods various conditions may arise that can be grasped, met, and understood by no one so well as the man from the factory.

But what is to happen "between times" to the trade which the salesman has started or developed, while the salesman is working in other and probably distant fields? Shall it be left to take care of itself? This brings us to the consideration of a method of doing business in foreign markets which European manufacturers habitually employ but which most Americans despise.

2. Local Resident Agents Abroad

Swarms of local commission agents abound in every foreign market. They are strictly salesmen, buying nothing themselves, merely offering the samples sent them by foreign manufacturers whom they represent. They try to secure orders from local dealers and look after the development and satisfactory conduct in general of the business of their principals in their markets.

It seems hard for American manufacturers to understand the operations of these agents. It is even harder for them to convince themselves that such agents can be competent, successful, of high grade, and a desirable means of promoting business. Yet almost all European manufacturers employ such local commission agents in some, many in all, the markets to which they export their products. Furthermore, probably every professional export house in New York utilizes the services of such agents in those foreign markets to which they especially cater, but which are not of sufficient importance to justify the maintenance of branch houses.

When the usual American manufacturer advertises for foreign "agents," he perverts the primal meaning of the word. Instead of a representative of a principal, he means a merchant or other buyer of goods to whom he will grant control of his products in a given territory when the buyer actually orders and pays for goods, perhaps in certain stipulated quantities. Sometimes valuable territories have been given away in return for an order of a few dollars' worth of goods, and a "promise," so delighted has the manufacturer been over any sort of order from abroad. A manufacturer of billiard

tables gave the exclusive agency for his goods for the whole Argentine Republic to a hotel in Buenos Aires, because that hotel ordered ten tables for its own new billiard room. One American maker of a certain kind of machine tools made a German dealer his agent for all of Continental Europe when that dealer simply promised to buy some tools, although the same dealer was also agent for two American competitors. Such connections are not agents in the real sense of the word.

The ambition of most manufacturers is to put their goods into the hands of jobbers in foreign countries, if not to give their exclusive agency to such houses. Jobbers as we know them are, however, non-existent in many other countries. There may be comparatively large houses doing both a retail and, to some extent, a wholesale business in their immediate vicinity. Or the place of the jobber may be taken by what, for want of a better term, is usually called the general importer. Many, if not most of the latter class, when they are not the familiar general store, do not stock goods, but act as importers for their customers of too small caliber to bother with the trouble and detail of important processes. They get from abroad such special goods as are desired. An exclusive agency for a line of goods given to the former, *i. e.*, the combined retail and wholesale merchant, will obviously kill the chances of a manufacturer to sell to other retail shops, competitors of the agent.

An agency given to a general importer, doing wholesale business exclusively, may be a more desirable policy. However, this is open to the objections that attach to similar arrangements with jobbers here at home, plus this condition: a great many of these general importers do not carry any goods in stock. They order only kinds

and quantities specified by their local customers and upon arrival make direct deliveries to their customers. Hence, they are not in position to contract for, or even to promise, any given minimum annual consumption.

The advantage of the local commission agent, who buys nothing for himself, but simply solicits orders for the manufacturer, lies in the ability of such a man to get business for his principals from all possible buyers in his field. Being constantly on the ground, he is able to take immediate advantage of every opportunity the moment it arises and to adjust troubles and complaints that are morally certain to arise in the conduct of any business, whether foreign or domestic. Moreover, he can safeguard payments and collections for his principals.

The province of the agent, properly so-called, by no means includes only the securing of orders. Those other functions, just indicated, are even more important, for it is all too easy for promising trade to be spoiled by injudicious letters from the factory, perhaps thousands of miles distant. If salesmen are sent out by the factory, they find a great advantage in working with local agents, permanently resident in all the principal markets covered. The knowledge and experience of the resident agent saves much time and furnishes guidance as to responsibility and character of local customers. In addition, the local agent remains on the ground after the traveler has gone.

Hundreds of these local commission agents are to be found in every important commercial city of the world—even in New York and some other cities of the United States, as representatives of European manufacturers selling goods in this country. A great many of them in every city are poor specimens of business men, but in

every hundred there will be found one or two, perhaps several, who are old, experienced men, respected, shrewd, careful, conservative, successful, both as to sales and conduct of business. They are representatives for some of the largest manufacturers and exporters in Europe. American concerns of experience are using them more and more. Undeniably a good agent of this class offers the best possible means of developing to its fullest extent the trade of a city or district. He may work alone or in conjunction with, and supplementary to, the work of direct representatives from the factory. Needless to say, however, extreme care must be exercised in selecting such an agent, in separating the rare sheep from the many goats.

3. Export Commission Houses

What are commonly termed Export Commission Houses, hundreds of which are established at New York, a few at other ports from Boston around the coasts to San Francisco and Puget Sound, offer another means of developing trade in foreign markets. But these houses are not primarily introducers of new goods. If, incidentally, they attempt something of the sort, their efforts are scattered, as their connections and facilities abroad vary in most extraordinary fashion. Careful investigation is necessary to determine where each such house operates effectively and the nature of the business done in each separate field that is expected to be covered.

The real function of the export commission house, as distinguished from the export merchant, properly so called, of whom there are few in the United States, is to act as buying agent in the United States for foreign concerns dealing in American goods. A large buyer in some foreign market may find a very real advantage in

entrusting many, if not all, of his American orders to such a house in New York and paying the customary buying commission of from 2½ to 5 per cent. Instead of sending some fifty individual orders to fifty different manufacturers, receiving as many separate invoices and bills of lading, financing separately fifty different accounts, and paying excessive freight charges for minimum bills of lading on some very small shipments, the whole may be accomplished in one operation by depending on an export commission house. Such a house distributes the orders, finances each one, ships all together on one bill of lading, and reimburses itself as may have been agreed, usually by one draft on the foreign buyer.

These orders originate with the foreigner. About all that the export house can do with such a customer is to forward to him the printed matter and prices, possibly samples, of a manufacturer, with a recommendation to place trial orders. Whether the actual buyer places an order depends absolutely on his own judgment and not at all on any influence the New York exporter may claim to exercise. It is even doubtful if a third party, the export house, can tell the manufacturer's story so effectively as the latter can himself tell it. However, the advantage of having the exporters place the goods before such of their customers as they know might be interested is not to be denied.

The great majority of export commission houses handle every conceivable sort of goods that are made in this country and that can be exported, since they may be demanded by their customers—from needles to locomotives and from shoe polish to cargoes of wheat. Comparatively few of them specialize. Even when such a house has its own branches in foreign countries, or employs local com-

mission agents to represent it, the operations of the house may differ radically in different markets. In one, business may consist chiefly in cotton piece-goods; in another, in machinery; in a third, in coal; in a fourth, in boots and shoes, leather, shelf hardware, etc.

The business carried on in each market depends partly on how chance may have turned the tide of trade toward a particular house, partly on the individuality of the resident manager of the branch house. To expect the manager of a branch in Shanghai, whose business consists chiefly in cotton piece-goods, to try to introduce machinery is obviously absurd. That manager cannot spare time, as he probably has not the inclination, to attempt to sell something he knows nothing about and to make and cultivate new friends and acquaintances in a hitherto unknown circle of trade. But another branch of the same New York house may welcome the chance to add a new line of machinery, because it is in complete harmony with the business already in hand, appealing to trade acquaintances already counted as customers.

To induce export commission houses to take an interest in their goods, manufacturers often accede to requests for special, extra, or confidential discounts or commissions that every export house is practically certain to make when asked to interest itself in promoting foreign sales. The wisdom of such concessions is a question of policy which manufacturers must determine each for himself. In any case, a thorough knowledge of each commission house, the markets where it is strong, and the character of business in each market, is most desirable. No export commission house covers all the world.

4. Manufacturers' Export Agents

Finally, among means for the development of trade in foreign countries must be counted the manufacturers' export agents, whose numbers have rapidly increased in recent years. Most of them are located in New York, and a large part of their work consists in regularly and systematically drumming the trade of the export commission houses just described. They cultivate the friendship of their various departmental managers, endeavor to have their own goods preferred when "open" orders are placed, etc. These manufacturers' export agents sometimes take the place of an export department at the factory, taking care of all foreign correspondence, attending to details of foreign shipping, and even to the negotiation of foreign drafts.

Usually such an export agent represents several manufacturers; some only three or four, some as many as fifty, with each of whom such terms are made as may be mutually satisfactory. Sometimes the arrangement is strictly on the basis of a commission on sales, more often a commission plus a small monthly cash contribution towards expenses for office rent, clerical labor, postage, etc. In arranging representation with such an agent, previous personal acquaintance is highly desirable.

TEST QUESTIONS

1. Why are traveling salesmen more suitable for developing foreign trade than for starting foreign trade?
2. Why is the volume of sales not the only test to be used in determining the profitableness of employing salesmen?
3. What qualifications should a good salesman for foreign fields possess?
4. What are the expenses of such salesmen?

5. What policies are used in shipping sample packages for salesmen into foreign territory?

6. Explain the system of combination salesmen.

7. Explain the necessity of following up salesmen's work.

8. In what ways may local resident agents abroad be used? What classes of local agents may be found?

9. What other services besides selling do local commission agents perform?

10. In what ways may manufacturers use export commission houses established in this country to increase their foreign sales?

11. Explain the services that are rendered by export commission houses.

12. What is meant by manufacturers' export agents?

CHAPTER XV

FOREIGN CREDITS AND COLLECTIONS

1. Payment for Export Invoices

How does one get his money for goods shipped to foreign countries? There is no commoner inquiry from manufacturers who would like to export their goods. On the other hand, we find many manufacturers declaring that what attracts them to the export trade is the fact that they get cash for their goods. Cash may be interpreted in a number of ways, as will shortly appear, but what is meant in the connection just instanced is, cash remitted with the order, or paid before or upon shipment. Undoubtedly by far the greater number of American manufacturers who have some export trade demand such terms from their foreign customers. However, it is equally certain that trade with other markets is not to be developed to half its possibilities in this fashion. While the greater number of our American manufacturers adhere complacently to these terms, it is none the less true that the great bulk of our export trade in value is financed on terms more liberal to buyers. Our enormous shipments of grain, flour, cotton, lumber, and copper are financed on terms customary in their respective trades. These are regarded as amply safeguarding sellers while at the same time saving buyers the expense and annoyance of putting money into the United States for the payment of their invoices.

The adequate development of our national export trade, great already, but only in its infancy, depends largely, if not wholly, on such a study of foreign markets and customers as will permit American shippers to extend with safety to themselves terms that will neither be regarded as insulting by customers in other countries nor involve hardships and needless expense on the part of the shippers.

For many years our critics have derided "American cash terms" and contrasted them unfavorably with the "long credits" said to be extended by European, particularly by German, manufacturers. Intelligent explanation of ways and means and conditions, with advice as to how more favorable arrangements may be made, seldom accompanies these criticisms. In most departments of our domestic trade cash or short credit terms govern. American prices are usually made on this basis. Our critics are prone to forget that in no country are cash prices the same as credit prices.

The customer in Turkey or in Brazil who has been accorded a credit of six months can readily obtain a substantial discount, perhaps of 10 per cent, when he decides to pay cash. Credit must be paid for, if no more at least in the way of substantial interest for the time involved, no matter where creditor and debtor reside, in Germany or the United States, in Australia or Mexico. Perhaps it is in our failure properly to emphasize the fact that our attractive American prices are only possible in return for a prompt exchange of cash for merchandise, that misapprehension exists as to the American attitude towards credit questions. Possibly it is true that the rank and file of manufacturers in this country work on a smaller capitalization than do manufacturers in Great Britain.

Therefore, the latter can better afford to calculate only interest, and at as low a rate as 5 per cent per annum, in granting their foreign customers terms of three months, six months, or longer periods.

However, the bulk of the export trade of any producing country is financed by bankers. Once a thorough understanding of practices in vogue in handling foreign trade through them is acquired, there would seem to be no reason remaining for reluctance on the part of Americans to extend facilities to good customers. Such terms cost the first parties nothing while meeting customs, prejudices, even trade requirements, of other markets.

(a) How to Secure Confirmed Credit

Even when manufacturers, for one reason or another, are firm in their determination to get the money for their goods before they leave American shores, the demand for such payment may be put in a fashion that will help a little in mollifying the customer. Not a few manufacturers in quoting prices are content with the abrupt, sharp, unqualified phrase, "Our export terms are invariably cash in full with order." Let the manufacturer picture to himself the effect of this phraseology on a business house, in Buenos Aires, for example, locally rated as a millionaire concern, and accustomed to have manufacturers who are acquainted with it accept gladly terms which it may require; which usually sees suppliers falling over each other in their eagerness to get orders on any terms, not dictating such terms as are employed with insolvents.

If such terms must be made, why not at least make an effort to sugar-coat them, put them diplomatically,

extract the sting, make it clear that no personal reflection is intended? For example, one may explain that the manufacturer's business system "for the present" necessitates payments for all export shipments in New York, irrespective of customers and of destinations; that as the present is a first transaction, it is suggested that the desired order be forwarded through some responsible buying agency in the United States; or, if preferred, the prospective customer may arrange with his local bankers to open a credit for the amount of the order with their banking correspondents in New York, who may be instructed to advise the shipper of such credit and to pay the amount involved upon presentation of ocean bill of lading. This process, it may be pointed out, safeguards both parties; the buyer, because he knows that the New York bankers will not pay out his money until proof is presented of actual shipment of the goods; the seller, because he knows that the money is waiting and immediately available as soon as shipment has been made. At the same time, hope may be expressed that in the early future, particularly with the anticipated development of business, it will be possible to arrange somewhat more liberal terms, which the shipper is especially anxious to bring about in the case of this particular customer, etc.

It has hitherto often been much more economical for customers of American manufacturers in some foreign markets to obtain bank credits in London than in New York. Such credits have been found equally as satisfactory as New York credits by our manufacturers, since documentary bills drawn against banks in London find a ready market in New York at attractive rates of exchange. Credits thus opened with London bankers may be confirmed by the latter to the American manufac-

turers in the same way that New York bankers confirm the opening of credits with them.

The advantage, indeed the necessity of securing confirmation of credits, is obvious. The manufacturer or other shipper of goods is not dependent on the bare word of a customer in the distant country. He knows that his money is waiting for him in the hands of a responsible banking house. Advices from a London banker to an American manufacturer that credit has been opened under certain conditions, when attached to other documents covering a given transaction, increase chances of marketing the draft involved to the greatest possible advantage with New York foreign exchange houses, demonstrating the transaction to be legitimate and sure beyond any question. How London, as the world's financial center, and especially the clearing house for the world's exchanges, may be affected by results of the European war is today an interesting query.

Another form of credit which sometimes comes to notice also requires a word of explanation. Merchants in the Far East, that is in China and Japan, in ordering goods from the United States always supply what is called a "letter of credit," but this is quite unlike the document that properly bears that name. This so-called letter of credit is in reality nothing more than an advice to New York bankers or correspondents of Far Eastern bankers that it will probably be safe to buy drafts up to certain amounts, drawn according to certain terms on the house in whose favor this document has been issued. The drawer of such a draft is not relieved from responsibility, as he would be in the case of the more usual and properly so-called letter of credit. Yet, since Far Eastern bankers do not issue these letters of advice to their New York

correspondents excepting in cases where they believe buyers to be amply responsible and morally sure to meet the obligations involved, American shippers may proceed in these cases with entire confidence.

Adroitness in correspondence is emphatically called for in making these financial arrangements, yet carelessness, thoughtlessness, bluntness, even offensiveness, are the rule and contribute more than anything else to the growth of the legend that Americans do not extend credits. This is not true, for we are often rather more free in giving indiscriminate, if not long, credits than we ought to be. No manufacturers in the world, British, German, or any others, offer terms other than cash to totally unknown concerns, or on first transactions to anybody except famous houses known everywhere.

(b) Open Accounts

The true basis for all foreign business is not the remittance of cash in any form by buyer to seller, but is the documentary bill of exchange, or draft. A certain amount of export business is and must be done on "open account," just as most of our domestic trading is done—between Ohio and Texas, for example. This is true of much of our business in Europe, where the custom has arisen because of the real or fancied necessity for American invaders to meet trade customs in vogue between closely neighboring nations. French exporters employ drafts in shipping to customers in Brazil, but they sell customers in Italy on open account. The markets are so close together that to them Italian business is hardly to be called foreign. Communications are easy and quick and business customarily direct from factory to retail shop. So,

although American flour exporters finance European business through documentary drafts, when American shoe manufacturers sought business in Europe they found, or thought they found, themselves obliged to carry on business with European shops, as those shops had previously been doing business with their neighbors—that is, on open account. So in sundry other lines sold by us in England, France, Germany, Belgium, and the other countries of Europe, the practice varies.

Mexico and Cuba are other markets where, largely (it would seem) through stress of competition, open accounts have come to be the rule, and many native houses decline to accept proposals to do business subject to drafts. Much of the West Indian trade is handled similarly, the rule being that remittance shall be returned by the homeward voyage of the same ship that brought out the goods—a rule honored as frequently in the breach as in the observance.

Practically all the Central American trade with the United States consists in the exchange of commodities. The house here ships down such goods as are ordered and debits their value against consignments of local produce sent north by the Central American firms. On this account most of the business with those five republics is handled by New York, New Orleans, or San Francisco export commission houses, since the usual manufacturer has no facilities for disposing of consignments of coffee, mahogany, logwood, etc.

Theoretically, there are just as good, just as big, just as rich, just as honorable business houses in all other countries as in our own. Hence, business, it may be thought, can be as safely done with such firms abroad as with good houses at home, and on the same basis. But

standards of commercial morality vary. Tactics that would land a business man in jail in the United States may be applauded in Turkey as evidences of business ability and shrewdness. The French word *chicaneur* is frequently heard in business circles in many different countries. Our own chicanery is adopted from it. Its nearest definition in English is, "kicker." The man qualified as a *chicaneur* is likely to make all sorts of claims, take advantage of every loophole or technicality, seek in every devious fashion to secure a rebate or discount to which he is not entitled. Japanese, Syrian, Armenian, Greek, native East Indian merchants all have standards of commercial morality—their own, but not ours.

Doing business on open account with foreigners may often enough be safe, but it is to be advised only when the creditor is capably represented on the ground by a permanently established local agent. Such an agent must be depended on to adjust complaints immediately and to secure prompt remittances on due dates. In the absence of a local agent, open account business in foreign markets is almost certain to involve greatly belated remittances and some losses. At any rate, it is sure to prove a severe strain on the patience and temper of the American.

(c) Documentary Bills of Exchange

We may now appropriately inquire as to those long credit terms of which we have heard so much as extended by European manufacturers to their foreign customers, very especially by the Germans to Latin-Americans. But, if our critics and self-appointed advisers only knew it, far more impressive examples are to be found among the big

English exporters. It is true that in the large lines of trade, in German woolens and in English cotton goods, for example, long, almost indefinite credits are often extended. Without exception, however, they are the outgrowth of long years of intimate business relations on a big scale, of personal acquaintance, and a thorough, intimate knowledge of the debtor's business and his financial abilities. Business of this sort between two houses may easily run from $50,000 to $250,000 a year and, if closed at all, it is by acceptances bearing interest, of course, and subject to renewals at the will of the debtor. Indefinite terms are often made in such cases. This is particularly true in countries like Argentina and Brazil, of unstable currencies, where fluctuations of exchange may involve an extra cost of hundreds of dollars in forced settlements on set, prearranged dates. These old and good customers, therefore, virtually remit when they please, taking advantage of favorable turns in exchange rates. There is nothing extraordinary about this sort of business. American manufacturers in some lines, agricultural implements, for example, also grant liberal indulgences to big and trusted customers.

So far as the general run of business is concerned, German, British, or other European practices in exporting differ little, if at all, from the custom of old, experienced American exporters. All, alike, usually make sales subject to drafts accompanying order bills of lading. In some cases it may be that Germans draw four, five, or six months' drafts where Americans hitherto have been restricted by our banking rules to three or four months' drafts. But to any really first-class customer the difference between three months and four or five months assuredly is not vital as determining the address of an order.

The criticism of American failure to extend credit applies almost exclusively to our newer, inexperienced shippers, whose practices will undoubtedly grow in liberality with experience. While these shippers may be numerous, the volume of their business certainly does not compare with that of older exporters, though not necessarily larger houses. The author is often tempted to point out to our amateur critics the credit terms extended by one of the big American manufacturers of sewing machines. This concern sells its wares on the installment plan in every nook and corner of the civilized world. This system, now applied in so many branches of trade, was invented by the sewing machine company in question, and has been adopted by many other trades and extended with satisfactory results, to countries where British and German merchants, claiming infallibility through long residence, predicted disaster.

But what many of our manufacturers have yet to learn is how to carry on the documentary foreign draft business safely; how thus to give customers the benefit of delayed payments while reimbursing themselves immediately, and risking little if anything. This sounds paradoxical. It is not only possible, but for generations has been the established, everyday practice of exporters both of the United States and Europe.

Issuance of Foreign Drafts.—In our study of Bills of Lading we have seen that transportation companies will not deliver goods carried by them except against presentation of a proper bill of lading proving rightful ownership. We have seen that through so drawing the bill of lading as to make delivery to order, the shipper retains delivery of the goods in his own hands and may transfer ownership by endorsement. A similar practice prevails

as to the protection afforded by certificates of marine insurance.

Now, a shipment of merchandise protected against loss by the liability of the carrier, subject to the terms of its receipt, plus suitable marine insurance for full value, represents valuable security on which bankers engaged in international business are quite willing to advance money. This is, in fact, the very basis of their business. Hence, if A, B, X & Co. of New York have a shipment of goods going forward to C, D, Z & Co. of Rio de Janeiro, an order bill of lading is secured from the steamship company and a certificate of insurance from the underwriters; both are endorsed in blank, making them the property of any one who may hold them. Incidentally, it may here be remarked that due respect should be paid to these negotiable papers. They are not to be carelessly handled.

A draft, or bill of exchange, as it is frequently called, is now drawn in duplicate (again "to the order of ourselves") against the foreign customer. Here is another "bearer" document when endorsed in blank. These several papers—a full set of the negotiable copies of the bills of lading, the certificate of insurance, the draft in duplicate (known as First and Second of Exchange), together with duplicate copies of the invoice and possibly such other papers as packing lists—are presented to a bank making a specialty of foreign exchange and sold to it if it cares to undertake the proposed business.

While the drawer of the draft, *i. e.*, the shipper of the goods, obtains spot cash for the full value of the draft, yet the "sale" is not without recourse. If the drawee, the man who has ordered the goods and their consignee, fails to meet the draft, the shipper will have to refund to the New York bank which originally bought the draft the

full amount advanced plus cable, postage, and protest charges. The bank is protected in thus advancing cash on such documents by the control of merchandise, amply covered by insurance, and by the signature of the drawer.

It is the latter's responsibility that counts for most. Any business house which enjoys a good rating in either of the two principal commercial reporting agencies of this country can without trouble sell to foreign exchange bankers unlimited amounts of foreign drafts of legitimate character, when accompanied by the documents described. Scant attention, usually none at all, is paid to the standing of the foreign consignee, except in special cases involving peculiar circumstances—cargo not readily salable if refused in a foreign port, or unusually large amounts of money.

Course of the Draft.—This is what happens to a foreign draft thus sold to New York bankers. One full set of all the accompanying documents is sent by first mail and a full set of the duplicates by next succeeding mail (to guard against possible loss) to the bank's London correspondent. By the latter the full sets are forwarded to its correspondent in the city of destination. The banker at that point surrenders the documents and gives possession of the goods to the consignee when the latter fulfills the terms of the draft and not before.

If settled satisfactorily, the transaction is closed; if the draft is refused, the local bank cables the fact, holds the shipment, and awaits instructions. The drawer of the draft—the shipper in the United States—has to refund the money advanced and give instructions as to the disposal of the goods. He may order them returned to New York, reshipped to some other destination, turned over to consignee without payment of the draft, sold at

auction, or otherwise proceed as he may see fit. If the shipper refuses to refund to the New York banker the money advanced, the latter will probably enter suit, meanwhile ordering the holding bank at port of destination to realize on the goods at once to best advantage, crediting in due course the proceeds obtained abroad and prosecuting for the balance due.

Risks in Foreign Drafts.—Obviously a certain risk is incurred by manufacturers in shipping goods subject to draft unless consignees are well and favorably known to them. Charges on refused goods that have to be returned are always unexpectedly heavy. Indeed, frequently enough shippers prefer to take their chances in ordering the holding bank abroad to sell the goods for what they will bring, rather than pay return charges and expenses. Many cases appear from time to time of orders placed by foreign concerns which succeed in persuading manufacturers to ship subject to draft, only on one excuse or another to refuse the draft when presented. These very dealers buy in the self-same goods when sold at auction for a small fraction of their value, much less than the price originally contracted for. No such terms, therefore, must ever be granted to any but high-class customers on whom the best of reports have been obtained. With the latter little risk is incurred, because in every importing market the reputation of merchants depends on the prompt and satisfactory manner in which they honor drafts drawn against them more than on any other consideration. The banks in most foreign markets take the place of our Dun's and Bradstreet's, and the importer who allows even one apparently legitimate documentary draft upon him to go to protest finds his commercial reputation immediately ruined.

Kinds of Drafts.—It is in the use of certain forms of drafts that it becomes possible for the manufacturer, while obtaining prompt cash for the goods he ships, at the same time to extend credit to his customer. Drafts may be drawn payable at sight or at 30, 60, or 90 days after sight—less frequently after date. In the case of sight drafts bankers demand payment upon presentation and at once hand over the bills of lading, yielding possession of the goods. But drafts drawn payable at 30 or any other number of days after sight may be subject to two conditions: private or separate instructions may be given to bankers when selling the drafts to deliver bills of lading to consignee (drawee) only upon payment of the draft; or to surrender those documents and give possession of the goods when the drawee "accepts" the draft. Drafts under which accompanying bills of lading are not to be given up until the money is paid (known as "D. P." —documents for payment) are seldom drawn at any considerable number of days after sight. They may be so drawn in order to allow sufficient leeway in time for cargo vessels, naturally much slower than mail ships, to arrive with the goods and thus make payment virtually on arrival of the goods. It may be remarked, however, that although a sight draft is supposed to be presented immediately upon receipt, the practice of banks in many markets is to hold such sight drafts until arrival of the ship bringing the goods.

The extension of the practice of drawing on customers at 30, 60, 90, or more days after sight, with instructions to bankers to deliver bills of lading upon acceptance of draft (commonly referred to as "D. A."—documents for acceptance) gives foreign customers actual credit terms. When such drafts are accompanied by instructions to give

up the bills of lading as soon as the consignee has accepted the drafts, the consignee obtains the goods immediately upon their arrival and is not obliged to pay for them until some time later. When drafts of this sort are presented by local bankers the drawee accepts them by signing his name across the face with date. They then become promissory obligations falling due at the stated number of days after date of acceptance. Obligations thus incurred are pretty sure to be taken care of in due course by all reputable houses, unless, of course, financial disaster intervenes. In many countries laws specifically protect makers of such drafts against default in payment after acceptance. In countries so widely separated as Egypt and Chile, for example, permitting an accepted draft to go to protest is regarded by the laws as a confession of bankruptcy, and proceedings may follow without other formalities.

Charges on Drafts.—In connection with the negotiation of any foreign drafts there are, of course, certain charges and expenses that have to be paid. These include, for example, bankers' commissions, postage, and interest. Who pays them? The foreign customer must, and that understanding should have been arrived at before the order was accepted or shipped. The easy way, and the one frequently employed, is to stipulate in making all quotations that prices named in money terms of the United States will be converted into pounds sterling, when shipment is made, *at the day's rate* (for such exchange as is required) *ruling in New York on date of shipment.* Now, the quoted rates of exchange, fluctuating from day to day, include interest and all bank charges. If a rate of $4.85 is named for a sight draft, the rate for a draft payable 30 days after sight will probably be something like $4.83 to [illegible] sterling.

Before a draft is actually drawn, inquiry in the exchange market is made to find what bankers are open to buy a draft of a certain description, and which one offers the best rate. Some offer is accepted by the shipper and the invoice value of the goods in dollars is converted into sterling at the agreed-upon rate. When presented to the banker in due form, draft and all documents complete, the shipper receives exact face value for his invoice in dollars, although the distant customer will pay in pounds, shillings, and pence (or the equivalent in his national currency), and his payment covers the interest and other charges. If this program is not followed, the unavoidable costs should be added to the total invoice value and thus collected—always, of course, under prior agreement with the customer.

2. Foreign Exchange Brokers

All large and regular export shippers in New York habitually employ foreign exchange brokers in marketing their bills of exchange. They find their services profitable as well as labor-saving. Better rates of exchange are thus frequently obtainable, because the brokers offer bills to a number of bankers, and requirements of certain bankers for exchange on a given market, or for a certain kind of bills, may induce from them better offers than other bankers would be willing to make for the same bills on the same day. One banker may have a surplus of bills on a given market from a certain shipper and wish to buy no others from him, while the reverse condition may be the case with that banker's competitors in the foreign exchange market.

Manufacturers and shippers at interior points some-

times labor under a slight disadvantage in selling their foreign drafts, owing to their practice of forwarding such documents through their local bankers. The latter, as a rule, know nothing at all about foreign exchange, and if persuaded to cash a manufacturer's foreign documentary bills, they treat the transaction as an ordinary loan, charging advances against the manufacturer's regular line of accommodation paper and restricting by so much facilities which the manufacturer may require for the conduct of his domestic trade.

Expenses are thus also increased, for the inland bank will send the documents to its regular New York correspondent. The latter may have no foreign exchange relations and be obliged to send the papers to another New York bank which makes a specialty of foreign exchange. The best rates of exchange are not obtained in this fashion and there are two unnecessary bank commissions to be paid. Direct connections may be made by any well-rated manufacturer with New York foreign exchange bankers. It is encouraging to know that interior bankers are beginning to establish their own foreign exchange departments doing business direct with corresponding banks in some of our principal foreign markets. It is devoutly to be hoped that this practice, inaugurated by banks in Detroit, Chicago, and Cincinnati, will be rapidly extended.

The practice just referred to of inland banks' treating foreign documentary drafts as they would an ordinary domestic draft is indefensible and manifests a misunderstanding which, with manufacturers as well as bankers, ought to be cleared up. Many manufacturers are accustomed to draw what we call drafts on delinquent debtors, and such drafts are not usually very seriously regarded either by maker or drawee. No disappointment, even no

surprise, is manifested when such drafts are returned unpaid. A documentary draft, especially a foreign draft accompanied by shipping papers, is a radically different operation, by no means to be confused with the other domestic practice just referred to. The hypothecation of valuable securities in the way of merchandise amply protected by insurance, which is virtually what the foreign documentary bill of exchange represents when sold to bankers, is a totally different thing from drawing an ordinary draft on a debtor. While strange to some manufacturers, the process of collecting for shipments of goods through draft attached to documents is well known in one or two lines of trade right here in the United States. If satisfactory arrangements cannot be made with local bankers, the matter should be taken up directly with foreign exchange houses.

TEST QUESTIONS

1. Explain "long credit" as used in foreign trade.
2. Who should pay for the privilege of long credits? In what way?
3. What is meant by securing confirmed credit?
4. Why do American exporters frequently secure bank credits in London rather than in New York?
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12. Explain "D. P." and "D. A." drafts.
13. What kinds of foreign drafts are issued?
14. What services do foreign exchange brokers render?
15. How do many inland banks treat foreign drafts?

CHAPTER XVI

AMERICA'S OPPORTUNITY IN THE MARKETS OF THE WORLD

1. Introduction

Europe's industries, paralyzed by the greatest war in history, can no longer supply necessities, comforts, luxuries, to millions of people in neighboring lands, to other millions in distant parts of the world. What shall American manufacturers make of their opportunity to supply their goods in place of European goods? Shall we timorously sit back in our office chairs and wait for the strange buyer to present himself, hat in one hand, letter of credit in the other, begging us kindly to let him have a few little things that are imperatively needed to keep his business going? Shall we blunder out into the unknown world of foreign commerce, without comprehension, thought, or study, without wisely laid plans, without determination to surmount difficulties, without a large reserve stock of patience? Shall we reach out eagerly for all we can get at the moment—and straightway forget all about it? Or shall we plant a new flag in many a strange market and diligently, intelligently, proceed to fortify our positions against competitors who, one day or another, are certain to challenge us? These are questions that loom large before American business men today.

2. America's Duty

Duty, no less than opportunity, confronts us—a duty which it is by no means impossible may call for sacrifices from us. Let no Pharisee sneer at the phrase. What does it mean that for some weeks after the outbreak of the war in Europe not one pound of European freight arrived in Cuba and no shipments were afloat? What, except that our little neighbor must depend on us for most things—for the things that make life worth living no less than the things that make life possible.

Other countries, dozens of them, scores of them, countries to the south of us, countries on the other side of the globe, countries in Europe, even, and colonies of European nations, are in the same condition. Foodstuffs must be had, true; but so must coal, for winter comfort here, to appease the boilers' appetites there. Machinery and grease to keep factory wheels going; woolens, cottons, silks, that people may be clothed. Shoes wear out, and the Cape Town shopkeeper who earns bread and butter for his family must, sooner or later, replenish his stock that his morrow's bread and butter may be sure and his customers be shod. The shoe factory in Brazil or Australia must have leather, else entail suffering on scores and hundreds of its workpeople, their wives, sons, and daughters; nails and locks are needed, that half-built houses and shops may be finished, and carpenters saved from the almshouse; plows and harrows, forks, hoes, rakes and spades, reapers and threshers must be had, that famine may not invade the land.

Where else than to the United States shall the people of Central and South America turn? of Japan, China and India, Australia and South Africa, the islands of the

eastern and the western seas? Picture the ruin that would follow the absolute cessation of commerce in these lands that are practically dependent on the outside world for manufactured goods! Is it not Duty that confronts us?

3. Foreign Needs

It is hard, perhaps, for many of us to realize what the shutting off of supplies might mean in some of these lands, yet even we of the United States are not, cannot be entirely self-supporting. Ask the man who makes the socks you wear about his supply of dye-stuffs. Shoes for Brazil? Why don't they make them themselves? They do, in large part, but their shoe factories must shut down unless thousands of cases, rolls, bundles, of upper and sole leather are forthcoming from *somewhere* before many months elapse, unless the innumerable supplies that any factories require are at hand for immediate use. All of these things Brazil has bought and must buy from oversea manufacturers, because they are not and cannot at present satisfactorily be produced in Brazil. For months to come Germany and Austria will not be able to manufacture a dollar's worth of upper leather; could not ship the leather to Brazil or to any other country if they had it to ship. Little, if any, can be shipped from France for long weary months to come. British tanners of splendid oak sole leather will have all or nearly all they can manage, with reduced forces of workers, in supplying the home market and the extraordinary demands of several hundred thousand British soldiers in rough field work. Then where shall Brazil, where shall Australia, where shall every other country

Before a draft is actually drawn, inquiry in the exchange market is made to find what bankers are open to buy a draft of a certain description, and which one offers the best rate. Some offer is accepted by the shipper and the invoice value of the goods in dollars is converted into sterling at the agreed-upon rate. When presented to the banker in due form, draft and all documents complete, the shipper receives exact face value for his invoice in dollars, although the distant customer will pay in pounds, shillings, and pence (or the equivalent in his national currency), and his payment covers the interest and other charges. If this program is not followed, the unavoidable costs should be added to the total invoice value and thus collected—always, of course, under prior agreement with the customer.

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All large and regular export shippers in New York habitually employ foreign exchange brokers in marketing their bills of exchange. They find their services profitable as well as labor-saving. Better rates of exchange are thus frequently obtainable, because the brokers offer bills to a number of bankers, and requirements of certain bankers for exchange on a given market, or for a certain kind of bills, may induce from them better offers than other bankers would be willing to make for the same bills on the same day. One banker may have a surplus of bills on a given market from a certain shipper and wish to buy no others from him, while the reverse condition may be the case with that banker's competitors in the foreign exchange market.

Manufacturers and shippers at interior points some-

reporters and editorial writers changed, and we heard only of our wonderful possibilities. Manufacturers by the hundreds suddenly came to the conclusion that they would like some of the fruit that they hear is on the point of falling into someone's lap. Go after it? Spend money on a systematic campaign for new business? But few of them cared to do this. A thousand men, young

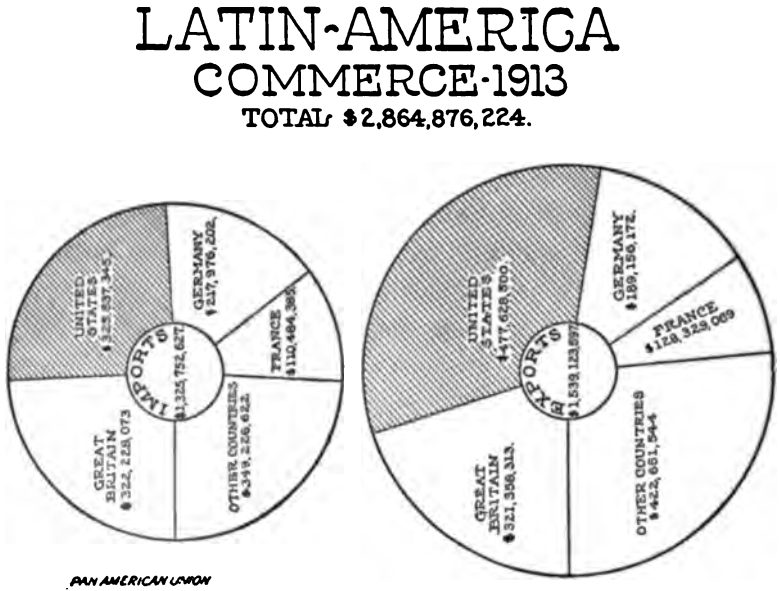

FIG. 52.—A Fighting Chart for American Business Men

and old, were moved to confess that for several years they had cherished the notion that export trade was just exactly suited to their special abilities, and now they believed they would take some good line from a big manufacturer and settle in Buenos Aires. They would be obliged for an address of such a manufacturer. Speak Spanish—know anything of Latin-American character

surprise, is manifested when such drafts are returned unpaid. A documentary draft, especially a foreign draft accompanied by shipping papers, is a radically different operation, by no means to be confused with the other domestic practice just referred to. The hypothecation of valuable securities in the way of merchandise amply protected by insurance, which is virtually what the foreign documentary bill of exchange represents when sold to bankers, is a totally different thing from drawing an ordinary draft on a debtor. While strange to some manufacturers, the process of collecting for shipments of goods through draft attached to documents is well known in one or two lines of trade right here in the United States. If satisfactory arrangements cannot be made with local bankers, the matter should be taken up directly with foreign exchange houses.

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and conditions? No, was that necessary? The pendulum swung too far from pessimism, far over the maximum optimistic mark to the outer margin of frenzy.

5. Financing Problems

Croakers continued, nevertheless, and we were asked: "Where are you going to get your money for the goods you expect to sell?" For some time this was a serious question. The disruption of the international exchange markets of the whole world operated to curtail shipments. Large quantities of goods previously ordered and ready for shipment could not be dispatched because no means of financing the invoices through bankers were available. For many weeks after the outbreak of the European war, drafts on London were practically the only bills of exchange that could be sold in the New York market. It was equally difficult to put money into foreign markets and to take money out of them. The general effect on our export trade may be illustrated in the following account of actual conditions.

A New York export commission house had eight hundred packages of dry goods, valued at $60,000 or $70,000, ready to go forward to customers in the Philippines who had ordered them long before. The manufacturers of the goods were clamoring for their money. A well-known shipowner had a steamer loading for Manila and was anxious to carry those eight hundred packages, needed them, in fact, and a lot more, to fill up his vessel. The whole transaction was held up because the exporters could not sell their draft on Manila; could not pay the manufacturer until such a draft was sold; were unwilling to forward even to old trusted customers without draw-

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9. How does the foreign draft differ from the domestic draft used in making collections from delinquents?
10. Explain the issuance of foreign drafts.
11. What risks are involved in the use of foreign drafts?
12. Explain "D. P." and "D. A." drafts.
13. What kinds of foreign drafts are issued?
14. What services do foreign exchange brokers render?
15. How do many inland banks treat foreign drafts?

sels, partly commandeered by the British and French governments, partly destroyed at sea or captured by enemies, and partly consisting of German vessels interned in neutral ports, enormously reduced shipping facilities. The diversion to the North Atlantic routes of a large part of the available remaining tonnage resulted in exorbitant freight rates on these lines, and vessels in other trades demanded similarly enhanced rates.

We are an impatient as well as an impetuous people, we Americans. Just one month after the outbreak of the European war we began to wonder: "Where is that export business we have been told would be coming our way?" September was not a week old when we read a column head in the New York *Evening Post,* "Steel Trade Less Cheerful—Pittsburgh Disappointed Over Export Orders"; and again, "With Low Cotton, Mills Cannot Understand Why No Foreign Orders Are Arriving." But nations do not (because they cannot) stop stock-still. Industry must go on, or incalculable suffering results. Warehouses do not perennially and eternally maintain themselves brim full and running over—the biggest stocks are depleted in a month, three months, six months.

So it was by no means unexpected from the viewpoint of conservative students of the situation that week after week and month after month passed before actual orders began to make themselves felt from other sources than the belligerent European governments. True, there came a veritable inundation of inquiries regarding what the United States could offer to take the place of goods formerly purchased but no longer available from manufacturers in certain European countries which were stopped from making or shipping further supplies by the course

of the war. Yet these inquiries were not followed immediately by a similar volume of actual orders. This was the perfectly natural, indeed inevitable, course of business. No new business, foreign or domestic, is usually big at the outset. It was not and it is not to be expected that importers in foreign markets will shift from German, French, Belgian, or other goods which they know and like to unknown, untried American goods, probably somewhat unlike those of European origin, perhaps costing a little more money, until those buyers have been thoroughly convinced that old and favorite goods are no longer to be obtained and until their stocks of the old goods are so depleted that they dare not wait longer.

It is always the case that export orders are small at the outset, because the new goods must be tested. Succeeding orders are usually small, for buyers must learn that they can confide in the honest treatment they will receive from a new source of supply, must learn by experience that the American manufacturers will ship exactly what is ordered and will ship the same goods the second time as the first and not "something better."

It was eight months from the outbreak of war that merchants in other countries actually began to feel the imperative necessity of replenishing stocks and that orders began to reach American exporters for goods which had never before appeared in our export trade. For virtually the first time, our window glass and plate glass, for example, began to be shipped in large quantities to Australasia, to South Africa, and to the River Plate markets. From widely separated points there began to arrive orders for sample lots of new goods, coupled with the report, "Our stocks are virtually exhausted—we shall have to get goods from somewhere."

Meanwhile, the re-establishment of banking relations had proceeded apace and the credit of old-established customers of American exporters had been rehabilitated. While the extension of credit continued to be safeguarded most strictly and in many instances unusually severe terms continued to be imposed, yet this result was recognized the world over as inevitable and as justified by the extraordinary conditions. The re-adjustment of credit terms, previously grossly abused in some cases, was actually welcomed on all sides. It is highly doubtful if there will be a return for years to come, if ever, to the unwarranted and unsafe methods introduced in certain markets, especially in the piece-goods business, by some of our European competitors.

6. Reduced Resources of Foreign Buyers

Economists point to the immense loss of trade that the best of the South American countries must experience through the cutting off of the European markets for their native products. Brazil, for example, with the German market closed, will lose one of her best customers for coffee, tobacco, hides, rubber, etc. Germany paid Brazil over $50,000,000 for these things last year. Brazilian exports to the other European belligerents will be sadly curtailed, to say the least. Sales to Austria, for example, of something like $20,000,000 a year will be lost. So the Brazilians will not have so much money to spend as before.

Moreover, Brazil, as a nation, is habitually hard up; it is asserted that since she became a republic her budget has never met expenditures. Negotiations for another loan in Europe and the United States came to an abrupt stop with the outbreak of war in Europe. Moreover, it seems extremely doubtful if the government issue of

$135,000,000 in paper money, which has been reported as a measure just taken to help her out of present perplexities, will assist commerce materially.

Argentina, too, is in a bad way; crop failures and the over-extension of credit in boom times have resulted in serious depression. Some of the largest and richest business houses in Buenos Aires have had to ask extensions from their European and American creditors.

Is it worth while attempting to get business in Brazil and the Argentine Republic in view of such conditions? It surely is, for many millions of dollars' worth of goods must still be purchased—and whatever direction the orders take, those goods must be paid for on the best terms available. No people can simply sit down, fold their hands, and do nothing. Factories must run, even if on half time. Men must live and be clothed; will insist on some comforts, luxuries, fun, even in the worst times. We are talking of the trade of a nation, not of a petty crossroads shopkeeper; of commerce that amounts to hundreds of millions of dollars a year.

7. Our Share of Reduced Trade

Take a specific illustration: Automobiles may be called luxuries; at least in times of panic it is reasonable to expect that comparatively few will be bought. What is the force of *comparatively* in this connection? In 1912, the last year for which detailed statistics are available, Brazil imported automobiles to the value of $5,368,650. Purchases from the United States amounted to $924,045, from Germany $1,526,018, from France $1,470,795, from England $317,873, from Belgium $186,216. Let us suppose that Brazil feels poor next year and economizes in automobiles. Of the cars she does buy a smaller pro-

portion than formerly will be made in England, a still smaller proportion in France, and none at all in Germany. In these countries the production of automobiles for export will be greatly curtailed or entirely stopped by a shortage of labor owing to the vast number of men of all classes drafted into the armies, and the unusual demand for automobiles for army use.

At the very worst imaginable, Brazil must this year buy half of her recent average imports, or say $2,500,000 worth of motor cars. Germany can not get one cent's worth of this trade, so that we may count for ourselves the share that Germany would have had in this future trade of Brazil (which we are counting as only half her previous trade), say $750,000. Now, further suppose that France, England, and Belgium will be able to contribute some cars, but not so many as hitherto, to the halved future trade of Brazil. Suppose they can supply three-quarters of their previous proportion of Brazil's imports. Divide our own former trade with Brazil by two, and let us see what our prospect for next year amounts to. Half of our old business, $500,000; plus all of Germany's share, $750,000; plus one-quarter of the possible future proportions of France, England, and Belgium, $500,000; total $1,750,000 worth of automobiles —nearly double our existing business—which American manufacturers ought to sell to Brazil under the worst imaginable conditions. Of course, this is conditioned on the assumption that our manufacturers are willing and able to present their cars and to demonstrate that they are worth the buying.

These assumed reductions in the possible import trade of Brazil in automobiles have been purposely exaggerated to paint the picture in the darkest colors pos-

sible. It is inconceivable that Brazil's trade should be thus cut in two. No one who knows the Brazilians will be willing to agree that the figures could be thus cut down. Throughout Latin-America, wherever there is a road that a motor car can travel or even a mile or two of paved town streets, some natives will buy cars if they have to drive them barefooted and part with their last dollar to get them.

Let our automobile manufacturers add to possible Brazilian trade a share of Argentina's $5,000,000 of automobile imports—$1,269,735 from the United States, $2,350,000 from France, $820,000 from Germany. Scale this total down in the case of Argentina, as we did with Brazil, to harmonize with hard times, and the most pessimistic must acknowledge that it begins to look as if there is still hope in the export trade for American manufacturers of automobiles. Besides, we have to remember that there is a share of the trade for us to capture in eighteen other Latin-American republics south of the Rio Grande. Times are good in some of them and in some the motor car business is beginning to assume prime importance.

What seems to be true of the automobile business is certainly true, also, in greater or less degree, as to every other line. Commerce in no country will be dead, no matter what depression may prevail, no matter how lifeless it may seem, it will still run into hundreds of millions of dollars.

8. The World Markets

The attention of most Americans is turned chiefly to Latin-America as a potential market for us. Big and rich

as are some of those markets, it should not be forgotten that there are others peculiarly inviting. For sentimental reasons, if for no others, Australia, New Zealand, South Africa, India, British possessions all, will buy no German or Austrian goods to speak of for several years to come. Germany's trade in Japan and China is likely to languish, long after German factories are able to offer their products for export. Spain, Norway, Sweden, Denmark, Italy, Switzerland, Turkey, and Egypt are beginning to inquire what they can get in the United States that will replace the German goods they have been buying of late. These markets are equally as big and attractive, to say the least, as those of Latin America, which have been so widely and so effectively advertised to us.

It is probably unfortunate that such mistaken popular impressions prevail as that South America is nearer to us than to Europe; that her markets should legitimately be ours; that there is or can be such a thing as "pan-Americanism." The principal markets of South America, especially Brazil, Uruguay, and the Argentine Republic are actually nearer to Europe than to the United States. There exists no reason for fancying that they or any other South American countries are legitimately our customers. In language, psychology, habits, all are radically unlike us. Although called republics, the form of government in all these states is as much opposed to ours as ours is to the Kaiser's. If we want to gain trade in Latin-America it must be accomplished by dint of hard and especially intelligent effort. Meanwhile let us not forget the existence of other equally attractive markets which are even more favorably disposed to give our wares fair consideration.

9. Kinds of Goods Available

To be sure, we can not often, indeed we can seldom, offer to replace German or any other goods by precisely identical articles. But one make of German automobile differs from another; no two American manufacturers turn out exactly the same gasoline engine; each individual brand of boots and shoes has its own characteristics. In supplying stocks of new goods to our new customers we shall have to give them the best we make—that which will most satisfactorily fill the shelves where once reposed slightly different products of European factories. We cannot always name as low prices as these new customers have been wont to pay. None the less, American goods will be bought, because there remains no other great manufacturing nation to supply the world's requirements. The greatest value to us of the present crisis lies in our chance to prove the desirability and the advantages of our special wares, whether at higher or lower prices than others.

What new lines have American manufacturers now, for the first time, a real chance to introduce into foreign markets? There is our whole textile trade, which ought, so far as the physical limitations of our factory and trade systems permit, to gain a footing hitherto impossible. German woolens and worsteds, some of the English products in the same lines, are now unprocurable. No matter if our Latin-American correspondents prefer widths on the metric system, if they can no longer buy them, they must accept our inch widths. Our silk mills have known for several years past that some of their qualities were well suited for certain foreign markets; they, and others, may now establish themselves where be-

fore competition made it difficult and costly. In our cotton piece-goods we shall now have a chance to place something else than heavy drills and sheeting, a little duck and cotton flannel. The big chance is for our prints. If American manufacturers of prints can only be persuaded to meet buyers half way there will result an addition of many millions to our annual export statistics.

American wines, drugs, hardware, and agricultural implements may now, perhaps, have opportunities for business vastly greater than have ever before been known. But why attempt to list the whole range of our industry? New lines not hitherto known outside our own country will benefit by the extraordinary, unprecedented condition of to-day.

10. The Opportunity

The figures of the commerce lost to the belligerent nations of Europe are stupendous, almost beyond belief. Germany's trade, of course, is most conspicuous. In 1913 Germany's exports amounted to $2,478,150,000. Following August 1, 1914, it dwindled to a few paltry thousands. Someone else must now supply $390,000,000 worth of textiles which Germany has been shipping all over the world. A goodly portion of the $138,000,000 worth of leather exported annually from Germany must now come from other sources. Machinery and electrical devices have counted for $285,000,000 a year in German export statistics. To-day this appears as a frightful sacrifice and loss which may never be regained from manufacturers of the United States, if we seek it right and handle it right, once we have secured it.

Wise planning, cool, far-sighted strategy is called for

in meeting the greatest emergency in history, commercial no less than political. Study and thought must be given to what appear to be magnificent chances to expand our business; patience, persuasiveness, persistency are essential. But above all, let every man avoid even the suspicion of rejoicing over the chances that have come to us through Europe's awful cataclysm. Yet, much as we may regret the moral setback of the whole world to conditions of the Middle Ages and the terrible shedding of human blood, it would be criminal of us to neglect our commercial opportunity; cowardly to shirk the duty that is imposed on the United States of America as, to all intents and purposes, the sole remaining possible source of supply for most of the things that other nations urgently require.

Finally, let us not forget the tremendous commercial as well as financial opportunities, and the real Duty that will confront us in an exhausted Europe after the conclusion of peace. Manufacturers and financiers, as well as humanitarians of the United States, must look solemnly beyond the perplexities of the hour to the obligations the not-distant future is surely bringing. It is a time for cool heads, careful calculation, conservative and wise aggressiveness.

TEST QUESTIONS

1. What effect has the European war had upon industry?
2. In what sense does America owe a duty to the world?
3. Explain how American pessimism at the outbreak of the war was turned into optimism.
4. Show how the war has tied up shipping finances.
5. Why in the face of financial difficulties should America try to gain a strong foothold in foreign markets?
6. Explain how the purchasing power of many neutral markets has been reduced as a result of the war.

AN TRAFFIC AND TRADE

of reduced foreign trade is America's outlook

markets are open to the United States?
of American goods are especially needed in
a result of the war?
ne of the chief items in the trade suspended

urope not be able to resume immediately her
world trade after the conclusion of peace?

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APPENDIX A

SHIPPING BILL

[H. R. 15455]

An Act To establish a United States Shipping Board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That when used in this Act:

The term "common carrier by water in foreign commerce" means a common carrier, except ferryboats running on regular routes, engaged in the transportation by water of passengers or property between the United States or any of its Districts, Territories, or possessions and a foreign country, whether in the import or export trade: *Provided*, That a cargo boat commonly called an ocean tramp shall not be deemed such "common carrier by water in foreign commerce."

The term "common carrier by water in interstate commerce" means a common carrier engaged in the transportation by water of passengers or property on the high seas or the Great Lakes on regular routes from port to port between one State, Territory, District, or possession of the United States and any other State, Territory, District, or possession of the United States, or between places in the same Territory, District, or possession.

The term "common carrier by water" means a common carrier by water in foreign commerce or a common carrier by water in interstate commerce on the high seas or the Great Lakes on regular routes from port to port.

The term "other person subject to this Act" means any person not included in the term "common carrier by water," carrying on the business of forwarding or furnishing wharfage, dock, warehouse or other terminal facilities in connection with a common carrier by water.

The term "person" includes corporations, partnerships, and associations, existing under or authorized by the laws of the United States, or any State, Territory, District, or possession thereof, or of any foreign country.

SEC. 2. That within the meaning of this Act no corporation, partnership, or association shall be deemed a citizen of the United States unless the controlling interest therein is owned by citizens of the United States, and, in the case of a corporation, unless its president and managing directors are citizens of the United States and the corporation itself is organized under the laws of the United States or of a State, Territory, District, or possession thereof.

The provisions of this Act shall apply to receivers and trustees of all persons to whom the Act applies, and to the successors or assignees of such persons.

SEC. 3. That a board is hereby created, to be known as the United States Shipping Board, and hereinafter referred to as the board. The board shall be composed of five commissioners, to be appointed by the President, by and with the advice and consent of the Senate; said board shall annually elect one of its members as chairman and one as vice chairman.

The first commissioners appointed shall continue in office for terms of two, three, four, five, and six years, respectively, from the date of their appointment, the term of each to be designated by the President, but their successors shall be appointed for terms of six years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he succeeds.

The commissioners shall be appointed with due regard to their fitness for the efficient discharge of the duties imposed on them by this Act, and to a fair representation of the geographical divisions of the country. Not more than three of the commissioners shall be appointed from the same political party. No commissioner shall be in the employ of or hold any official relation to any common carrier by water or other person subject to this Act, or own any stocks or bonds thereof, or be pecuniarily interested therein. No commissioner shall actively engage in any other business, vocation, or employment. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the board shall not impair the right of the remaining members of the board to exercise all its powers. The board shall have an official seal, which shall be judicially noticed.

The board may adopt rules and regulations in regard to its procedure and the conduct of its business.

SEC. 4. That each member of the board shall receive a salary of $7,500 per annum. The board shall appoint a secretary, at a salary of $5,000 per annum, and employ and fix the compensation of such attorneys, officers, naval architects, special experts, examiners, clerks, and other employees as it may find necessary for the proper performance of its duties and as may be appropriated for by the Congress. The President, upon the request of the board, may authorize the detail of officers of the military, naval, or other services of the United States for such duties as the board may deem necessary in connection with its business.

With the exception of the secretary, a clerk to each commissioner, the attorneys, naval architects, and such special experts and examiners as the board may from time to time find necessary to employ for the conduct of its work, all employees of the board shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil-service law.

The expenses of the board, including necessary expenses for transportation, incurred by the members of the board or by its employees under its orders, in making any investigation, or upon official business in any other place than in the city of Washington, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman of the board.

Until otherwise provided by law the board may rent suitable offices for its use.

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the board.

SEC. 5. That the board, with the approval of the President, is authorized to have constructed and equipped in American shipyards and navy yards or elsewhere, giving preference, other things being equal, to domestic yards, or to purchase, lease, or charter, vessels suitable, as far as the commercial requirements of the marine trade of the United States may permit, for use as naval auxiliaries or Army transports, or for other naval or military purposes, and to make necessary repairs on and alterations of such vessels: *Provided*, That neither the board nor any corporation formed under section eleven in which the United States is then a stockholder shall purchase, lease, or charter any vessel—

(a) Which is then engaged in the foreign or domestic commerce of the United States, unless it is about to be withdrawn from such commerce without any intention on the part of the owner to return it thereto within a reasonable time;

(b) Which is under the registry or flag of a foreign country which is then engaged in war;

(c) Which is not adapted, or can not by reasonable alterations and repairs be adapted, to the purposes specified in this section;

(d) Which, upon expert examination made under the direction of the board, a written report of such examination being filed as a public record, is not without alteration or repair found to be at least seventy-five per centum as efficient as at the time it was originally put in commission as a seaworthy vessel.

SEC. 6. That the President may transfer either permanently or for limited periods to the board such vessels belonging to the War or Navy Department as are suitable for commercial uses and not required for military or naval use in time of peace, and cause to be transferred to the board vessels owned by the Panama Railroad Company and not required in its business.

SEC. 7. That the board, upon terms and conditions prescribed by it and approved by the President, may charter, lease, or sell to any person, a citizen of the United States, any vessel so purchased, constructed, or transferred.

SEC. 8. That when any vessel purchased or constructed by or transferred to the board as herein provided, and owned by the United States, becomes, in the opinion of the board, unfit for the purposes of this Act, it shall be appraised and sold at public or private competitive sale after due advertisement free from the conditions and restrictions of this Act.

SEC. 9. That any vessel purchased, chartered, or leased from the board may be registered or enrolled and licensed, or both registered and enrolled and licensed, as a vessel of the United States and entitled to the benefits and privileges appertaining thereto: *Provided*, That foreign-built vessels admitted to American registry or enrollment and

licenses under this Act, and vessels owned, chartered, or leased by any corporation in which the United States is a stockholder, and vessels sold, leased, or chartered to any person a citizen of the United States, as provided in this Act, may engage in the coastwise trade of the United States.

Every vessel purchased, chartered, or leased from the board shall, unless otherwise authorized by the board, be operated only under such registry or enrollment and license. Such vessels while employed solely as merchant vessels shall be subject to all laws, regulations, and liabilities governing merchant vessels, whether the United States be interested therein as owner, in whole or in part, or hold any mortgage, lien, or other interest therein. No such vessel, without the approval of the board, shall be transferred to a foreign registry or flag, or sold; nor, except, under regulations prescribed by the board, be chartered or leased.

When the United States is at war, or during any national emergency the existence of which is declared by proclamation of the President, no vessel registered or enrolled and licensed under the laws of the United States shall, without the approval of the board, be sold, leased, or chartered to any person not a citizen of the United States, or transferred to a foreign registry or flag. No vessel registered or enrolled and licensed under the laws of the United States, or owned by any person a citizen of the United States, except one which the board is prohibited from purchasing, shall be sold to any person not a citizen of the United States or transferred to a foreign registry or flag, unless such vessel is first tendered to the board at the price in good faith offered by others, or, if no such offer, at a fair price to be determined in the manner provided in section ten.

Any vessel sold, chartered, leased, transferred, or operated in violation of this section shall be forfeited to the United States, and whoever violates any provision of this section shall be guilty of a misdemeanor and subject to a fine of not more than $5,000 or to imprisonment of not more than five years, or both such fine and imprisonment.

SEC. 10. That the President, upon giving to the person interested such reasonable notice in writing as in his judgment the circumstances permit, may take possession, absolutely or temporarily, for any naval or military purpose, of any vessel purchased, leased, or chartered from the board: *Provided*, That if, in the judgment of the President, an emergency exists requiring such action he may take possession of any such vessel without notice.

Thereafter, upon ascertainment by agreement or otherwise, the United States shall pay the person interested the fair actual value based upon normal conditions at the time of taking of the interest of such person in every vessel taken absolutely, or if taken for a limited period, the fair charter value under normal conditions for such period. In case of disagreement as to such fair value it shall be determined by appraisers, one to be appointed by the board, one by the person interested, and a third by the two so appointed. The finding of such appraisers shall be final and binding upon both parties.

SEC. 11. That the board, if in its judgment such action is necessary to carry out the purposes of this Act, may form under the laws of the District of Columbia one or more corporations for the purchase, con-

struction, equipment, lease, charter, maintenance, and operation of merchant vessels in the commerce of the United States. The total capital stock thereof shall not exceed $50,000,000. The board may, for and on behalf of the United States, subscribe to, purchase, and vote not less than a majority of the capital stock of any such corporation, and do all other things in regard thereto necessary to protect the interests of the United States and to carry out the purposes of this Act. The board, with the approval of the President, may sell any or all of the stock of the United States in such corporation, but at no time shall it be a minority stockholder therein: *Provided*, That no corporation in which the United States is a stockholder, formed under the authority of this section, shall engage in the operation of any vessel constructed, purchased, leased, chartered, or transferred under the authority of this Act unless the board shall be unable, after a bona fide effort, to contract with any person a citizen of the United States for the purchase, lease, or charter of such vessel under such terms and conditions as may be prescribed by the board.

The board shall give public notice of the fact that vessels are offered and the terms and conditions upon which a contract will be made, and shall invite competitive offerings. In the event the board shall, after full compliance with the terms of this proviso, determine that it is unable to enter into a contract with such private parties for the purchase, lease, or charter of such vessel, it shall make a full report to the President, who shall examine such report, and if he shall approve the same he shall make an order declaring that the conditions have been found to exist which justify the operation of such vessel by a corporation formed under the provisions of this section.

At the expiration of five years from the conclusion of the present European war the operation of vessels on the part of any such corporation in which the United States is then a stockholder shall cease and the said corporation stand dissolved. The date of the conclusion of the war shall be declared by proclamation of the President. The vessels and other property of any such corporation shall revert to the board. The board may sell, lease, or charter such vessels as provided in section seven and shall dispose of the property other than vessels on the best available terms and, after payment of all debts and obligations, deposit the proceeds thereof in the Treasury to its credit. All stock in such corporations owned by others than the United States at the time of dissolution shall be taken over by the board at a fair and reasonable value and paid for with funds to the credit of the board. In case of disagreement, such value shall be determined in the manner provided in section ten.

SEC. 12. That the board shall investigate the relative cost of building merchant vessels in the United States and in foreign maritime countries, and the relative cost, advantages, and disadvantages of operating in the foreign trade vessels under United States registry and under foreign registry. It shall examine the rules under which vessels are constructed abroad and in the United States, and the methods of classifying and rating same, and it shall examine into the subject of marine insurance, the number of companies in the United States, domestic and foreign, engaging in marine insurance, the extent of the insurance on hulls and cargoes placed or written in the United States, and the extent of reinsurance of American maritime risks in foreign companies, and

ascertain what steps may be necessary to develop an ample marine insurance system as an aid in the development of an American merchant marine. It shall examine the navigation laws of the United States and the rules and regulations thereunder, and make such recommendations to the Congress as it deems proper for the amendment, improvement, and revision of such laws, and for the development of the American merchant marine. It shall investigate the legal status of mortgage loans on vessel property, with a view to means of improving the security of such loans and of encouraging investment in American shipping.

It shall, on or before the first day of December in each year, make a report to the Congress, which shall include its recommendations and the results of its investigations, a summary of its transactions, and a statement of all expenditures and receipts under this Act, and of the operations of any corporation in which the United States is a stockholder, and the names and compensation of all persons employed by the board.

SEC. 13. That for the purpose of carrying out the provisions of sections five and eleven no liability shall be incurred exceeding a total of $50,000,000 and the Secretary of the Treasury, upon the request of the board, approved by the President, shall from time to time issue and sell or use any of the bonds of the United States now available in the Treasury under the Acts of August fifth, nineteen hundred and nine, February fourth, nineteen hundred and ten, and March second, nineteen hundred and eleven, relating to the issue of bonds for the construction of the Panama Canal, to a total amount not to exceed $50,000,000: *Provided*, That any bonds issued and sold or used under the provisions of this section may be made payable at such time within fifty years after issue as the Secretary of the Treasury may fix, instead of fifty years after the date of issue, as prescribed in the Act of August fifth, nineteen hundred and nine.

The proceeds of such bonds and the net proceeds of all sales, charters, and leases of vessels and of sales of stock made by the board, and all other moneys received by it from any source, shall be covered into the Treasury to the credit of the board, and are hereby permanently appropriated for the purpose of carrying out the provisions of sections five and eleven.

SEC. 14. That no common carrier by water shall directly or indirectly—

First. Pay, or allow, or enter into any combination, agreement, or understanding, express or implied, to pay or allow, a deferred rebate to any shipper. The term "deferred rebate" in this Act means a return of any portion of the freight money by a carrier to any shipper as a consideration for the giving of all or any portion of his shipments to the same or any other carrier, or for any other purpose, the payment of which is deferred beyond the completion of the service for which it is paid, and is made only if, during both the period for which computed and the period of deferment, the shipper has complied with the terms of the rebate agreement or arrangement.

Second. Use a fighting ship either separately or in conjunction with any other carrier, through agreement or otherwise. The term "fighting p" in this Act means a vessel used in a particular trade by a carrier

or group of carriers for the purpose of excluding, preventing, or reducing competition by driving another carrier out of said trade.

Third. Retaliate against any shipper by refusing, or threatening to refuse, space accommodations when such are available, or resort to other discriminating or unfair methods, because such shipper has patronized any other carrier or has filed a complaint charging unfair treatment, or for any other reason.

Fourth. Make any unfair or unjustly discriminatory contract with any shipper based on the volume of freight offered, or unfairly treat or unjustly discriminate against any shipper in the matter of (a) cargo space accommodations or other facilities, due regard being had for the proper loading of the vessel and the available tonnage; (b) the loading and landing of freight in proper condition; or (c) the adjustment and settlement of claims.

Any carrier who violates any provision of this section shall be guilty of a misdemeanor punishable by a fine of not more than $25,000 for each offense.

SEC. 15. That every common carrier by water, or other person subject to this Act, shall file immediately with the board a true copy, or, if oral, a true and complete memorandum, of every agreement with another such carrier or other person subject to this Act, or modification or cancellation thereof, to which it may be a party or conform in whole or in part, fixing or regulating transportation rates or fares; giving or receiving special rates, accommodations, or other special privileges or advantages; controlling, regulating, preventing, or destroying competition; pooling or apportioning earnings, losses, or traffic; allotting ports or restricting or otherwise regulating the number and character of sailings between ports; limiting or regulating in any way the volume or character of freight or passenger traffic to be carried; or in any manner providing for an exclusive, preferential, or co-operative working arrangement. The term "agreement" in this section includes understandings, conferences, and other arrangements.

The board may by order disapprove, cancel, or modify any agreement, or any modification or cancellation thereof, whether or not previously approved by it, that it finds to be unjustly discriminatory or unfair as between carriers, shippers, exporters, importers, or ports, or between exporters from the United States and their foreign competitors, or to operate to the detriment of the commerce of the United States, or to be in violation of this Act, and shall approve all other agreements, modifications, or cancellations.

Agreements existing at the time of the organization of the board shall be lawful until disapproved by the board. It shall be unlawful to carry out any agreement or any portion thereof disapproved by the board.

All agreements, modifications, or cancellations made after the organization of the board shall be lawful only when and as long as approved by the board, and before approval or after disapproval it shall be unlawful to carry out in whole or in part, directly or indirectly, any such agreement, modification, or cancellation.

Every agreement, modification, or cancellation lawful under this section shall be excepted from the provisions of the Act approved July second, eighteen hundred and ninety, entitled "An Act to protect trade

and commerce against unlawful restraints and monopolies," and amendments and Acts supplementary thereto, and the provisions of sections seventy-three to seventy-seven, both inclusive, of the Act approved August twenty-seventh, eighteen hundred and ninety-four, entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," and amendments and Acts supplementary thereto.

Whoever violates any provision of this section shall be liable to a penalty of $1,000 for each day such violation continues, to be recovered by the United States in a civil action.

SEC. 16. That it shall be unlawful for any common carrier by water, or other person subject to this Act, either alone or in conjunction with any other person, directly or indirectly—

First. To make or give any undue or unreasonable preference or advantage to any particular person, locality, or description of traffic in any respect whatsoever, or to subject any particular person, locality, or description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

Second. To allow any person to obtain transportation for property at less than the regular rates then established and enforced on the line of such carrier, by means of false billing, false classification, false weighing, false report of weight, or by any other unjust or unfair device or means.

Third. To induce, persuade, or otherwise influence any marine insurance company or underwriter, or agent thereof, not to give a competing carrier by water as favorable a rate of insurance on vessel or cargo, having due regard to the class of vessel or cargo, as is granted to such carrier or other person subject to this Act.

SEC. 17. That no common carrier by water in foreign commerce shall demand, charge, or collect any rate, fare, or charge which is unjustly discriminatory between shippers or ports, or unjustly prejudicial to exporters of the United States as compared with their foreign competitors. Whenever the board finds that any such rate, fare, or charge is demanded, charged, or collected it may alter the same to the extent necessary to correct such unjust discrimination or prejudice and make an order that the carrier shall discontinue demanding, charging, or collecting any such unjustly discriminatory or prejudicial rate, fare, or charge.

Every such carrier and every other person subject to this Act shall establish, observe, and enforce just and reasonable regulations and practices relating to or connected with the receiving, handling, storing, or delivering of property. Whenever the board finds that any such regulation or practice is unjust or unreasonable it may determine, prescribe, and order enforced a just and reasonable regulation or practice.

SEC. 18. That every common carrier by water in interstate commerce shall establish, observe, and enforce just and reasonable rates, fares, charges, classifications, and tariffs, and just reasonable regulations and practices relating thereto and to the issuance, form, and substances of tickets, receipts, and bills of lading, the manner and method of presenting, marking, packing, and delivering property for transpor-

tation, the carrying of personal, sample, and excess baggage, the facilities for transportation, and all other matters relating to or connected with the receiving, handling, transporting, storing, or delivering of property.

Every such carrier shall file with the board and keep open to public inspection, in the form and manner and within the time prescribed by the board, the maximum rates, fares, and charges for or in connection with transportation between points on its own route; and if a through route has been established, the maximum rates, fares, and charges for or in connection with transportation between points on its own route and points on the route of any other carrier by water.

No such carrier shall demand, charge, or collect a greater compensation for such transportation than the rates, fares, and charges filed in compliance with this section, except with the approval of the board and after ten days' public notice in the form and manner prescribed by the board, stating the increase proposed to be made; but the board for good cause shown may waive such notice.

Whenever the board finds that any rate, fare, charge, classification, tariff, regulation, or practice, demanded, charged, collected, or observed by such carrier is unjust or unreasonable, it may determine, prescribe, and order enforced a just and reasonable maximum rate, fare, or charge, or a just and reasonable classification, tariff, regulation, or practice.

SEC. 19. That whenever a common carrier by water in interstate commerce reduces its rates on the carriage of any species of freight to or from competitive points below a fair and remunerative basis with the intent of driving out or otherwise injuring a competitive carrier by water, it shall not increase such rates unless after hearing the board finds that such proposed increase rests upon changed conditions other than the elimination of said competition.

SEC. 20. That it shall be unlawful for any common carrier by water or other person subject to this Act, or any officer, receiver, trustee, lessee, agent, or employee of such carrier or person, or for any other person authorized by such carrier or person to receive information, knowingly to disclose to or permit to be acquired by any person other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property tendered or delivered to such common carrier or other person subject to this Act for transportation in interstate or foreign commerce, which information may be used to the detriment or prejudice of such shipper or consignee, or which may improperly disclose his business transactions to a competitor, or which may be used to the detriment or prejudice of any carrier; and it shall also be unlawful for any person to solicit or knowingly receive any such information which may be so used.

Nothing in this Act shall be construed to prevent the giving of such information in response to any legal process issued under the authority of any court, or to any officer or agent of the Government of the United States, or of any State, Territory, District, or possession thereof, in the exercise of his powers, or to any officer or other duly authorized person seeking such information for the prosecution of persons charged with or suspected of crime, or to another carrier, or its duly authorized agent, for the purpose of adjusting mutual traffic accounts in the ordinary course of business of such carriers.

SEC. 21. That the board may require any common carrier by water, or other person subject to this Act, or any officer, receiver, trustee, lessee, agent, or employee thereof, to file with it any periodical or special report, or any account, record, rate, or charge, or any memorandum of any facts and transactions appertaining to the business of such carrier or other person subject to this Act. Such report, account, record, rate, charge, or memorandum shall be under oath whenever the board so requires, and shall be furnished in the form and within the time prescribed by the board. Whoever fails to file any report, account, record, rate, charge, or memorandum as required by this section shall forfeit to the United States the sum of $100 for each day of such default.

Whoever willfully falsifies, destroys, mutilates, or alters any such report, account, record, rate, charge, or memorandum, or willfully files a false report, account, record, rate, charge, or memorandum shall be guilty of a misdemeanor, and subject upon conviction to a fine of not more than $1,000, or imprisonment for not more than one year, or to both such fine and imprisonment.

SEC. 22. That any person may file with the board a sworn complaint setting forth any violation of this Act by a common carrier by water, or other person subject to this Act, and asking reparation for the injury, if any, caused thereby. The board shall furnish a copy of the complaint to such carrier or other person, who shall, within a reasonable time specified by the board, satisfy the complaint or answer it in writing. If the complaint is not satisfied the board shall, except as otherwise provided in this Act, investigate it in such manner and by such means, and make such order as it deems proper. The board, if the complaint is filed within two years after the cause of action accrued, may direct the payment, on or before a day named, of full reparation to the complainant for the injury caused by such violation.

The board, upon its own motion, may in like manner and, except as to orders for the payment of money, with the same powers, investigate any violation of this Act.

SEC. 23. Orders of the board relating to any violation of this Act shall be made only after full hearing, and upon a sworn complaint or in proceedings instituted of its own motion.

All orders of the board other than for the payment of money made under this Act shall continue in force for such time, not exceeding two years, as shall be prescribed therein by the board, unless suspended, modified, or set aside by the board or any court of competent jurisdiction.

SEC. 24. That the board shall enter of record a written report of every investigation made under this Act in which a hearing has been held, stating its conclusions, decision, and order, and, if reparation is awarded, the findings of fact on which the award is made, and shall furnish a copy of such report to all parties to the investigation.

The board may publish such reports in the form best adapted for public information and use, and such authorized publications shall, without further proof or authentication, be competent evidence of such reports in all courts of the United States and of the States, Territories, Districts, and possessions thereof.

SEC. 25. That the board may reverse, suspend, or modify, upon such notice and in such manner as it deems proper, any order made by it. Upon application of any party to a decision or order it may grant a rehearing of the same or any matter determined therein, but no such application for or allowance of a rehearing shall, except by special order of the board, operate as a stay of such order.

SEC. 26. The board shall have power, and it shall be its duty whenever complaint shall be made to it, to investigate the action of any foreign Government with respect to the privileges afforded and burdens imposed upon vessels of the United States engaged in foreign trade whenever it shall appear that the laws, regulations, or practices of any foreign Government operate in such a manner that vessels of the United States are not accorded equal privileges in foreign trade with vessels of such foreign countries or vessels of other foreign countries, either in trade to or from the ports of such foreign country or in respect of the passage or transportation through such foreign country of passengers or goods intended for shipment or transportation in such vessels of the United States, either to or from ports of such foreign country or to or from ports of other foreign countries. It shall be the duty of the board to report the results of its investigation to the President with its recommendations, and the President is hereby authorized and empowered to secure by diplomatic action equal privileges for vessels of the United States engaged in such foreign trade. And if by such diplomatic action the President shall be unable to secure such equal privileges then the President shall advise Congress as to the facts and his conclusions by special message, if deemed important in the public interest, in order that proper action may be taken thereon.

SEC. 27. That for the purpose of investigating alleged violations of this Act, the board may by subpœna compel the attendance of witnesses and the production of books, papers, documents, and other evidence from any place in the United States at any designated place of hearing. Subpœnas may be signed by any commissioner, and oaths or affirmations may be administered, witnesses examined, and evidence received by any commissioner or examiner, or, under the direction of the board, by any person authorized under the laws of the United States or of any State, Territory, District, or possession thereof to administer oaths. Persons so acting under the direction of the board and witnesses shall, unless employees of the board, be entitled to the same fees and mileage as in the courts of the United States. Obedience to any such subpœna shall, on application by the board, be enforced as are orders of the board other than for the payment of money.

SEC. 28. That no person shall be excused, on the ground that it may tend to incriminate him or subject him to a penalty or forfeiture, from attending and testifying, or producing books, papers, documents, and other evidence, in obedience to the subpœna of the board or of any court in any proceeding based upon or growing out of any alleged violation of this Act; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing as to which, in obedience to a subpœna and under oath, he may so testify or produce evidence, except that no person shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 29. That in case of violation of any order of the board, other than an order for the payment of money, the board, or any party injured by such violation, or the Attorney General, may apply to a district court having jurisdiction of the parties; and if, after hearing, the court determines that the order was regularly made and duly issued, it shall enforce obedience thereto by a writ of injunction or other proper process, mandatory or otherwise.

SEC. 30. That in case of violation of any order of the board for the payment of money the person to whom such award was made may file in the district court for the district in which such person resides, or in which is located any office of the carrier or other person to whom the order was directed, or in which is located any point of call on a regular route operated by the carrier, or in any court of general jurisdiction of a State, Territory, District, or possession of the United States having jurisdiction of the parties, a petition or suit setting forth briefly the causes for which he claims damages and the order of the board in the premises.

In the district court the findings and order of the board shall be prima facie evidence of the facts therein stated, and the petitioner shall not be liable for costs, nor shall he be liable for costs at any subsequent stage of the proceedings unless they accrue upon his appeal. If a petitioner in a district court finally prevails, he shall be allowed a reasonable attorney's fee, to be taxed and collected as part of the costs of the suit.

All parties in whose favor the board has made an award of reparation by a single order may be joined as plaintiffs, and all other parties to such order may be joined as defendants, in a single suit in any district in which any one such plaintiff could maintain a suit against any one such defendant. Service of process against any such defendant not found in that district may be made in any district in which is located any office of, or point of call on a regular route operated by, such defendant. Judgment may be entered in favor of any plaintiff against the defendant liable to that plaintiff.

No petition or suit for the enforcement of an order for the payment of money shall be maintained unless filed within one year from the date of the order.

SEC. 31. That the venue and procedure in the courts of the United States in suits brought to enforce, suspend, or set aside, in whole or in part, any order of the board shall, except as herein otherwise provided, be the same as in similar suits in regard to orders of the Interstate Commerce Commission, but such suits may also be maintained in any district court having jurisdiction of the parties.

SEC. 32. That whoever violates any provision of this Act, except where a different penalty is provided, shall be guilty of a misdemeanor, punishable by fine of not to exceed $5,000.

SEC. 33. That this Act shall not be construed to affect the power or jurisdiction of the Interstate Commerce Commission, nor to confer upon the board concurrent power or jurisdiction over any matter within the power or jurisdiction of such commission; nor shall this Act be construed to apply to intrastate commerce.

SEC. 34. That if any provision of this Act, or the application of such provision to certain circumstances, is held unconstitutional, the remainder of the Act, and the application of such provision to circumstances other than those as to which it is held unconstitutional, shall not be affected thereby.

SEC. 35. That for the fiscal year ending June thirtieth, nineteen hundred and seventeen, the sum of $100,000 is hereby appropriated, out of any moneys in the Treasury of the United States not otherwise appropriated, for the purpose of defraying the expenses of the establishment and maintenance of the board, including the payment of salaries herein authorized.

SEC. 36. The Secretary of the Treasury is authorized to refuse a clearance to any vessel or other vehicle laden with merchandise destined for a foreign or domestic port whenever he shall have satisfactory reason to believe that the master, owner, or other officer of such vessel or other vehicle refuses or declines to accept or receive freight or cargo in good condition tendered for such port of destination or for some intermediate port of call, together with the proper freight or transportation charges therefor, by any citizen of the United States, unless the same is fully laden and has no space accommodations for the freight or cargo so tendered, due regard being had for the proper loading of such vessel or vehicle, or unless such freight or cargo consists of merchandise for which such vessel or vehicle is not adaptable.

Approved, September 7, 1916.

INDEX

Accounts, open, 399-400.
Addressing export package, 197-199.
Advertising, 364-367.
Advice of shipment, 277.
Agents, local resident, 386.
Alexander, J. W.: report, 159.
American Bureau of Shipping Inspection: rating of ships, 26-27.
Andrews, Frank: reference to, 13.
Anti-dumping certificate, 230.
Automobile trade, 421-423.
Average: general, 292-296; particular, 315-316, 318-319.

Barratry, 214, 307.
Bates, W. W., 20.
Bill of Health, 30-33.
Bills of lading, 211-220, 234, 235, 237-238, 278, 404; through, 218-220; minimum, 220.
Bond, shipments in, 237-238.
Bottomry bond, 39-40.
Broker, custom-house, 253; exchange, 409.
Bounties, 340-341.
Bureau Veritas: rating of ships, 26.
Bush Terminal, 57.

Capacity of vessels, 25.
Car floats, 56.
Car-tipping machine, 50.
Carriers' Manifest, nature of, 246, 254.
Cash orders, American and foreign usage, 394-396.
Catalogues, 373-375; supplements to domestic catalogues, 374; language to use, 374.
Certificate of origin, 226; of landing, 238; of register, 28-29.
Charter party, 39, 118-127; forms of, 124-127.
Chicaneur, 401.
Circulars, how to use in advertising, 373-375.
Claims on marine insurance, 322-326.
Clearance of vessels, 34-38.
Commission houses, export, 288, 389-391.
Commodity rates, 138.
Conferences, shipping, 164-166.
Confirmed credit, 396-398.
Consular invoices, 222-227, 232.
Correspondence, foreign, 367-373.
Credit, confirmed, 396-398; long, 395-396; letter of, 398-399.
Custom-house broker, 253.

Dead-weight capacity: definition, 21.
Deferred Rebates, 184-190.
Dock receipts, 231.
Documentary bills of exchange, 397, 401-409; issuance, 403-405; course of, 405-406; risks in, 406; kinds of, 407-408; charges on, 408; and inland banks, 410-411.
Documents for acceptance, 407; for payment, 407.
Dollar, Robert, 20.
Drawback on duty, 236-241.

Entry, informal, 241; naval office, 244.
Exchange, first and second, 404; brokers, 409-410.
Export commission houses, 288, 389-391; and forwarders, 364.
Express, foreign, 268-270.

Fighting ships, 183.
Floats, car, 56.
Foreign exchange, 401-411, 418.
Foreign trade: immensity of, 6; amount carried by water, 6; opportunities, 412-427.
Franchise, 317.
Freight charges: prepayment, 154-155; Primage, 155-156.
Freight handling machinery, 48-52.
Freight forwarders, 236, 237, 270-288; charges of, 285, 381.
Freight rates, 357, 121-123, 138-144; combined rail and water, 144-146; differentials in rail rates, 146-151; uniform, 172-173; conferences, 175-179; preferential, 179; deferred rebates, 184-190; of forwarders, 271; classification, 113-116; ballast used instead of lower rates, 25; compared with rail rates, 106-109; basis for, 109-116; chartered, 116-128; general cargo, 128-129.

General average, 5, 214, 310-314.
General importer, 387.
Geography, need of, 5.

Harter Act, 212.

Informal entry, 241.
Inland banks and foreign drafts, 410-411.
Insurance, 234; amount to carry, 297-298; kinds of policies, 301-303; multiple, 309; risks and rates, 294-296; water contrasted with rail, 3.
Invoices, consular, 222-229.

Jettison, 214, 307, 321.
Jobbers, 387.
Johnson, Emory R., 14, 18, 22, 23.

Landing certificate, 238.
Language to use, 371-372, 374.
Lay days, 118.
Leather trade, 414-415.
Letter of credit, 398-399.
Letter writing, 368-375.
Lighter, 56, 62.
Lighterage: charges, 59; lighterage free, 60.
List of all passengers, 33.

List of all stores, 33.
Lloyd's: history of, 290-292; rating of ships, 293.
Loading, economical, 24, 25; methods, 196-197.
Local resident agents abroad, 386, 389.
Log book, 35-36, 325.

Manifest, carrier's, 246; description, 33-34; shipper's, 232.
Manufacturers' export agents, 392.
Markets for export goods, 414, 424.
Memorandum in insurance policies, 316, 319.

Naval office entry, 244.
Navigation laws, 349-351.
New Orleans, port of, 61-66.
New York, port of, 54-61.

Ocean Mail Act of 1891, 336.
Ocean routes: time factor, 9; North Atlantic, 73-74; Mediterranean and Oriental, 75; South African, 76-77; South American, 77-80; Caribbean, 80-82; East Asia-American, 82-83; North and South Pacific, 83-84; arranging routes, 84-87; lanes, 87-88; Panama Canal and, 88-96; transshipping, 96-99; from principal American ports, 100-106.
Officers: licensing on ships, 27.
Open accounts, 399-400.
Open orders, 392.
Orders, export: ways of obtaining, 363-364.

Packing, instructions for, 192-195.
Panama Canal Act, 338, 348-349.
Panama Canal: effect on shipping routes, 88-96; tonnage rating for, 20.
Parcel post, 258-260.
Parcel receipts, 221, 235.
Particular average, 315-316, 318-319, 325.
Passports, 37.
Permit, shipping, 231.
Piers, 46, 47.
Pilots, 29.
Pilotage fees, 30.
Plimsoll line, 21.
Pools and conferences, 159.
Ports: principal American, 52; ports of entry, 52-53; New York, 54-61; New Orleans, 61-66; San Francisco, 66-68; Puget Sound, 68-69; charges, 69-72.
Post: parcel, 258-260; sample, 260.
Postage, foreign, 375-376.
Practique, 33.
Primage, 155-156.
Protest, 39, 316, 324-325.
Puget Sound ports, 68-69.

Rates: combined rail and water, 144; forms of charter rates, 121; kinds of rates, 116; ocean tariffs, 129; and risks, 294.
Rebates, deferred, 184-190.
Receipt, dock, 231.
Registration of ships: "registered," 28; "licensed," 28; "documented," 28; certificate of, 28-29.

Sailing vessels: precursors of trade, 8; for small cargoes, 8.
Salesmen, 364, 377-381; combination, 383-384; expense, 380-381; qualifications, 378.
Sample post, 260.
Sample rooms, 380-381.
Samples, shipping of, 381-383.
San Francisco, port of, 66-68.
Ship subsidies, 343.
Shipments in bond, 237-238.
Shipper's manifest, 232.
Shipping permit, 231.
Shipping trusts, 159-162; agreements of, 163-164; conferences, 164-166; pools, 166-167; advantages of, 167-174; objections, 174-196.
Ships' articles, 35-37.
Ships: types of, 26; inspection of, 26; rating of, 26-27; registration of, 28; fighting, 183.
Ships' papers: bill of health, 29; list of all passengers, 33; list of stores, 33; manifest, 33-34; clearance, 34-38; log book, 35-36; ships' articles, 35-37; passports, 37; charter party, 39; protest, 39; bottomry bond, 39-40.
Sickel, W. G.: testimony, 12.
Spediteurs, 273.
Steamships: advantages over sailing vessels, 8; varieties of, 10.
Steamship lines: development, 11; advantages, 11; kinds of, 11-12.
Sterling exchange, 408-409.
Subsidies, 332-334, 341, 343-347, 351.
Suez Canal, tonnage rating for, 20, 23.
Symbols: f. o. b., 147; f. a. s., 157; c. i. t., 157-158; c. a. f., 158; c. i. f., 158; c. i. f. e., 158; D. P., 407; D. A., 407.

Tariffs of freight rates on ocean traffic, 129-131.
Terminal charges, 69-72.
Terminals: control of, 43-45; facilities, 45-48; freight-handling machinery, 48-52.
Terms and phrases, special, in foreign correspondence, 370-371.
The Times: quoted, 12.
Ton: short, long, metric, and measurement, 5; definition of, 18-19; basis for rates, 110-111.
Tonnage: meaning of, 18; gross and net, 19-22; rules for rating, 20; displacement, 21; and cargo carrying capacity, 22.
Trade: in automobiles, 421-423; in leather, 414-415.
Tramps: definition, 13; use of, 13-14; size of, 15; special cargo, 16; economies, 16, 351.
Transshipping facilities, 96-99.

Waybill, 280-282.
Weights, 200-211; gross, 200; legal, 200; metric, 200.

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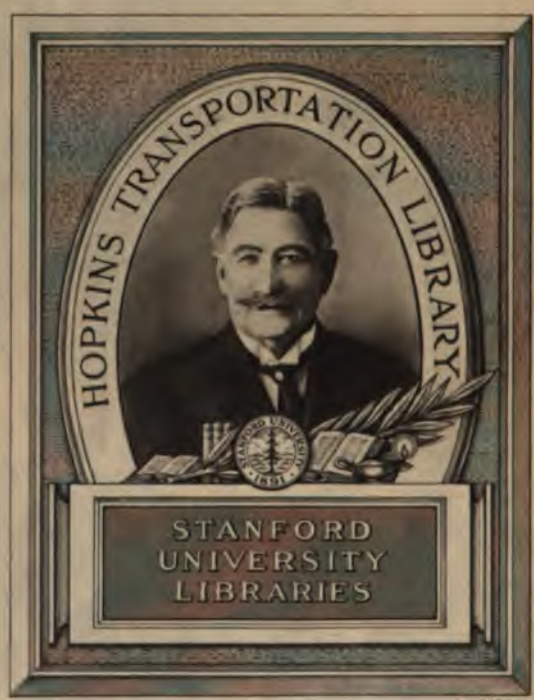

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CONTENTS

Ocean Shipping Routes and Services

Page

1. The Great Trunk Lines
   - (a) The North Atlantic Route 73
   - (b) The Mediterranean and Oriental Route 75
   - (c) The South African Route 76
   - (d) The South American Route 77
   - (e) The Caribbean Route 80
   - (f) The East Asia-American Route 82
   - (g) The North and South Pacific Route 83

2. Arranging Profitable Routes 84

3. Expected Effects on Commerce of the Panama Canal 88

4. Transshipping Services 95

5. Ocean Services from Representative American Ports
   - (a) Steamship Lines from New York 100
   - (b) Steamship Lines from Portland, Maine 102
   - (c) Steamship Lines from Boston 103
   - (d) Steamship Lines from Philadelphia 103
   - (e) Steamship Lines from Baltimore 103
   - (f) Steamship Lines from Newport News and Norfolk.....104
   - (g) Steamship Lines from Savannah 104
   - (h) Steamship Lines from Mobile 104
   - (i) Steamship Lines from New Orleans 104
   - (j) Steamship Lines from Galveston, Texas City, and Port Arthur 105
   - (k) Steamship Lines from San Francisco 105
   - (l) Steamship Lines from Seattle and Tacoma 105

Test Questions 106

CONTENTS (Continued)

Charters and Ocean Freight Rates

Page

1. The Economy of Transportation by Water 107
2. Basis for Ocean Freight Rates 109
3. Two Kinds of Rates 115
4. Shipments per Chartered Vessel 116
5. Charter Party 117
6. Charter Rates 120
7. Forms of Charter Parties
   (1) The Anglo-American Cotton Charter Party 123
   (2) The Net Grain Charter Party 123
   (3) The "Pixpinus," or Chamber of Shipping Pitch Pine Charter 123
   (4) The Baltimore Berth Grain Charter Party 124
   (5) "Cork for Orders" Charter Party 124
   (6) Berth Terms Grain Charter Party 124
   (7) Galveston Grain Charter Party 125
   (8) Savannah Cotton Charter Party 125
   (9) European Charter Party 125
   (10) Naval Stores Charter Party 125
   (11) Time Charter Party, West Indian Fruit Trade 126
8. Shipments of General Cargo 127
9. Ocean Tariffs 128
10. Fluctuations in Rates 131
11. Combined Rail and Water Rates 143
12. Details Affecting Manner of Shipping and Rates..150
13. Prepayment of Freight Charges 153
14. Primage 154
15. Some Common Symbols.....155

Test Questions 157

CHAPTER V

OCEAN SHIPPING ROUTES AND SERVICES

1. The Great Trunk Lines

"Trunk line" is a term that may be applied with equal justice to the great water routes of the world, and to the main through line of a railway. Although there is no right of way, no stretch of steel rails and sleepers, vessels that plow the seas follow certain routes. In the comparatively crowded north Atlantic, courses are carefully mapped out. Seven great trade routes of the world are distinguished by prominent American and European authorities. Of them all, the North Atlantic route is by far the most important both in freight and in passenger traffic.

(a) The North Atlantic Route

More than one-sixth of the world's entire shipping is said to be employed on this trunk line between the United States and various countries of northern Europe. Not only are countries in that part of the world the largest customers for American goods, but the United States is by far the largest buyer of exports from Great Britain, Germany, and France. The North Atlantic route reaches from our principal ports to the mouth of the British Channel and thence through diverging lines to sundry

ports of the North and the Baltic Sea. Very few lines pass to the north of Ireland, having Glasgow or Belfast as termini. This great North Atlantic trunk route, like every other, has numerous feeders, branch lines joining it, for example, from Canada, from ports of the Gulf of Mexico and the Caribbean Sea, and, at its other extremity, branch lines connecting it with those Scandinavian and Russian ports not directly reached by steamers from this side.

The North Atlantic route goes far to the north of the ocean, following the arc of a great circle, the shortest distance between two points on the spherical surface of the globe. The shortening of distance thus involved will be readily appreciated upon examination of any geographical globe, although it appears puzzling on first examination of a flat map. It is owing to this fact that vessels from the West India Islands and other points south of our own country proceed to northern Europe over very nearly the same route that is followed by ships from New York and Boston, passing often within a few miles of New York. A steamship proceeding from Central America to Liverpool would lose only a little over 300 miles in actually calling en route at New York. Such calls are rare, because a chance visitor to New York Harbor would have little luck in picking up either cargo or passengers.[1] Calls are common at Hampton Roads, however, for fresh supplies of coal to run vessels across the Atlantic.

[1] One example is the Spanish trans-Atlantic service from Barcelona to Vera Cruz, Mexico, calling on the outward voyage at New York and Havana and on the return at the same ports in reverse order.

(b) The Mediterranean and Oriental Route

The second of the great trade routes, ranking next in importance to that of the North Atlantic, is that from the eastern coast of the United States (or from England or northern Europe) via Gibraltar into the Mediterranean, to southern Europe and northern Africa and through the Suez Canal to India, the Straits Settlements, the Philippines, Japan, and Australasia. This route beyond Suez is used by steamers only, for the unreliable winds of the Red Sea and the high canal dues make it unprofitable, indeed almost physically impossible, for sailing vessels. The latter still take the route around the Cape of Good Hope, as steamships also did prior to the opening of the Suez Canal in 1869. In the case of passenger carriers, the saving in time of passage effected by the Suez route far more than offsets the charges for the use of the canal.

From this route there is naturally, as a glimpse at a map will suggest, an especially large number of feeders. Connecting with this main line are subsidiary lines to and from the Levant and the Black Sea, the Persian Gulf, East Africa, the Dutch East Indies, Siam, Cochin China, etc. With the enormous recent development of commerce the world over, it is becoming more and more the practice to inaugurate direct lines of steamers between ports whose business, actual or in immediate prospect, warrants so doing. Nevertheless, there must always remain a very large number of ports and districts whose commerce must be connected with a trunk line by subsidiary services, transshipping goods to more important through lines.

(c) The South African Route

Next comes the South African Trunk Line, terminating in American or European ports at one extremity and at Cape Town or, more commonly, at ports on the southeast coast of Africa—Port Elizabeth, East London, Durban, and Delagoa Bay, at the other. Many steamers, constituting a very important element in this trade, however, continue on beyond the Cape of Good Hope, even if, as is not always the case, such steamers call at Cape Town to take on or discharge cargo or passengers. This through service, destined especially for Australia and New Zealand, but to some extent even for British India, is composed almost exclusively of freight vessels. Although the voyage from Great Britain is 1,000 miles longer by this route than through the Suez Canal and the Red Sea, ships select the South African route for the sake of economy in escaping the Suez tolls. With them time is not so great an object as it is with vessels of a somewhat higher class, especially the great passenger liners. Practically all cargo ships from the United States to ports of Australasia take this route; so do some of the ships of similar character from New York to the Philippines, China, and Japan. The distance from New York to Australasian ports is practically the same via Suez or via the Cape.

Within the past few years British shipping lines have devoted special attention to building up services to Australia on this route (via the Cape), and there are at present a considerable number of large new ships in this service that offer satisfactory accommodations for passengers as well as cargo, at fares much lower than those charged by the express steamers via the Suez

Canal. On this trunk line there are no ships from the United States that accept passengers, and to reach South African ports the American traveler has first to proceed to Europe, while to reach China, Japan, the Philippines, or Australasian ports he usually proceeds by way of Pacific ports. The heaviest sailing tonnage in the world is to be found along the Cape route.

(d) The South American Route

The fourth of the great trade routes may be called the South American. As a trunk line it must be considered as extending from Europe and the United States around Cape Horn (for sailing vessels) or through the Strait of Magellan (for steamers, few of which now go " 'round the Horn"), up the west coast of South America as far as Panama, on to the comparatively unimportant ports of Central America, and up to San Francisco, Puget Sound, or Vancouver. In this route, however, must also be classed the separate and usually independent services from the United States and Europe terminating at the ports of Brazil or of the River Plate. Many lines serve Brazil only; others serve both Brazil and the River Plate; while the only approach to the ports on the west coast of South America has hitherto been the long route around Cape Horn. The latter is served almost exclusively by lines that do not visit either Brazil or the River Plate, and, except to refill bunkers with coal, very rarely stop at intermediate ports. It is in regard to the West Coast that steamship routes will be most conspicuously altered by the Panama Canal. As a matter of fact the actual distance between certain ports of the United States and of Europe, and ports in China and Japan is shorter via

Magellan than via Cape of Good Hope, yet the Magellan route is never followed by merchant ships destined for the Orient because of the delays and dangers likely to be encountered in the stormy and foggy strait.

Comparatively few services via this trunk line are uniformly regular in both directions. There are, it is true, several important lines of steamers, both from Europe and from the United States, serving Brazil and the River Plate markets. Vessels of these lines travel back and forth with all the regularity of any line, but a large share of American business with these markets involves the use of ships in one direction only. For example, the United States is the largest buyer of Brazilian products—coffee, rubber, etc., especially the former. There is demand for a much greater tonnage to bring these products to the United States than there is for ships to take American exports to Brazil.

As European shipments to Brazil, consisting of general merchandise and more especially coal, are heavier than those from America, a triangular route is common—vessels proceeding from Europe with cargo for Brazil and returning from Brazil with products of that nation to the United States. Here, owing to the comparatively limited exports destined for Brazil, which are adequately taken care of by a smaller fleet, the ships pick up a cargo for Europe. They thus complete what is known as a triangular voyage, frequent in all seas, but especially common in almost all of the South American trade. Similar conditions prevail in trade with the Argentine Republic.

The trade of the West Coast, on the contrary, demands more ships from the United States than for the return voyage. The result is that ships chartered for the trip

out from New York are usually abandoned to the owners at Valparaiso, Callao, or other port of final destination. They proceed thence, with or without cargoes, in such directions as owners may be able to arrange. This state of affairs will probably continue until the rapidly growing commerce between North and South America reaches the point where the movement in cargo, in both directions, is more nearly equalized. This may be hastened by the use of the Panama Canal and may perhaps be assisted by the projected development of enormous iron ore mines in Chile. There interests have recently been acquired by a large steel company of the United States and will involve the chartering, buying, or building of a considerable fleet of vessels which it may be thought wise to utilize exclusively in the direct service between the United States and Chile. One indication of this may be found in the establishment by the United States Steel Corporation, of a regular direct line of chartered steamships between New York and Brazil. This new service is said to have been inspired by large contracts for rails and other steel products that the corporation has secured in Brazil. The ships of this line will seek general cargo in addition to that supplied by the Steel Corporation for its Brazilian customers, and, furthermore, whether loaded or not, they will return from Brazil direct to New York.

It should be observed that the popular impression, indeed the statement often made from the platform and in print, that South America lies nearer to ports of the United States than to European exporting points, is a mistaken one. An examination of a good globe or map will quickly demonstrate this. For all ports south of Cape Roque, distances to the principal shipping points of Great Britain and France are considerably shorter

than between the same ports of South America and New York.

Still another important factor in the trade following this great trunk route is composed of ships that stop at no South American ports whatsoever, but proceed on northward along the West Coast to the Hawaiian Islands or to ports of California, Oregon, Washington, and British Columbia. Practically all of the last-named trade is now likely to be diverted through the Panama Canal.

(e) The Caribbean Route

The fifth, or Caribbean, route is entirely different from any other of the seven. A score of lines from Europe, as well as from the United States, penetrate the barrier raised by the long chain of the Greater and the Lesser Antilles between the Caribbean Sea and the Atlantic Ocean or enter the Gulf of Mexico by the channels between Cuba and Florida on one side and Yucatan on the other. Here is a veritable tangle of routes which cross each other in every direction. Ships on these lines carry through cargo from home port to final port; they also, almost without exception, do what may be likened to an accommodation-train business, virtually a coastwise trade, calling at intermediate ports to leave a little cargo and take on a little more.

This route includes shipping between New York and other Atlantic ports and our own and Mexican ports of the Gulf, ports of Central America, northern South America, and the West Indies; it includes also shipping between British, German, French, and other European ports and the ports just referred to around the Caribbean and the Gulf of Mexico. There are regular lines engaged in this trade, some of them more highly

specialized than almost any others. For example, here we find the ships in the great fruit trade and the lines that handle almost exclusively cotton, or grain, or lumber, from our Gulf ports, etc. In addition there are large numbers of tramps engaged at certain seasons when crop movements are heaviest.

A good idea of the general Caribbean trade may be gained from an examination of the operations of the Royal Mail Steam Packet Company along this route. Sailing fortnightly from Southampton, these vessels, after a call at the Azores, proceed to Barbados. Thence, loading and discharging cargo, passengers, and mails at each port of call, they visit Trinidad, Puerto Colombia, Cartagena, Colon, and sail northwards to Kingston, Jamaica, and Antilla, Cuba, thence to New York. Their homeward journey from New York follows the same route in reverse order. At Port of Spain (Trinidad) these ships make connection with, and transship to, intercolonial vessels of the same company on branch lines, reaching Demerara, the islands north of Trinidad as far as St. Kitts, and several coast ports of Venezuela as far as La Guayra. A similar course is sailed by Dutch vessels from Rotterdam, excepting that calls are made at Haitian instead of at Jamaican and Cuban ports.

Other European lines make a number of calls before reaching a terminal at Colon or on the Central American coast. This sort of service is found profitable, indeed is almost indispensable, in the West Indian and Caribbean trade, where the business of any one port or district is not sufficient in itself to monopolize the service or the capacity of any one vessel. American lines ply to Colon, Central America, Colombia, Venezuela, sundry islands, and Mexico, both from New York and from most of our

other principal ports. While the greater part of the trade of our Gulf ports is direct (without stop) to Europe, yet some of the ships that load cotton, etc., at Galveston and New Orleans reach those terminals after a voyage of general character from home port in Europe, with frequent calls, such as have been described.

At this point it may be well to call attention to certain factors which affect the prompt, and in some cases the economical, shipment of freight to ports reached by ships following this route. Because of inadequate landing facilities at not a few of these ports, ships often restrict the quantity of cargo they will accept for a certain sailing to such a tonnage as they can discharge within the usual length of time allotted to a call at the particular port in question. Thus, the captain of a ship on which the author traveled a short time ago declared that he had left behind him on New York docks upwards of 900 tons of cargo, destined for a port in the West Indies, which it was impossible for him to accept, even though he had room for it, because unloading it at port of destination would have delayed the ship at that port for a day or two beyond his advertised sailing date.

(f) The East Asia-American Route

The sixth of the great ocean routes leads across the Pacific and connects North America and Asia. In some respects this trunk line resembles the North Atlantic route, although of far less importance. San Francisco and Yokohama lie in practically the same degree of latitude, yet the shortest route between the two ports follows the arc of a great circle, leading far north. Some lines vary this route by a call at the Hawaiian Islands.

These islands have grown fast in commercial importance, especially in recent years. They lie 2,000 miles south of the shortest passage and a call at Honolulu adds 800 miles to the length of the voyage. While the main course of this route lies between San Francisco and Yokohama, yet on the American side there are other ports that contribute to it from San Diego and Los Angeles, on the south, to Portland, Oregon, the Puget Sound ports of Tacoma and Seattle, and the British Columbian port of Vancouver. On the Asiatic side, lines extend from Yokohama to other ports in Japan, to North China, Corea, and Siberia, down the China coast, and on to the Philippine Islands. This northern Pacific trunk line is another forceful illustration of the distance saved by great circle sailing. Vessels from as far south as Panama on the American side travel almost due north to join the arc that is followed by ships from Puget Sound, while the distance is far less to Manila on the Asiatic side via Yokohama and the great circle than by any other route.

(g) The North and South Pacific Route

The last of the great ocean routes is from our Pacific coast (or from Vancouver) to the Australasian colonies. On the American coast, the Puget Sound ports and San Francisco are the principal points from which steamers proceed, calling at Honolulu and Samoa, Fiji or Tahiti, to one or more ports of New Zealand, usually finishing the voyage at Sydney, unless cargo requirements involve proceeding to Brisbane, Melbourne, or other Australian ports. It is said that this route has not been profitable of late years. At times services have been abandoned altogether. Although this is the shortest route between

eastern Australia or New Zealand and the eastern United States and Great Britain, mails have perforce been shipped by the Suez Canal route. The freight traffic between the Pacific Coast and Australasia has never been heavy, and lines have professed themselves dissatisfied with mail payments. Occasional sailings are scheduled, but the service is comparatively unimportant.

2. Arranging Profitable Routes

Triangular routes, necessarily adopted by some shipping lines, are comparatively numerous. Very few markets in the world exchange with any other country an equal volume of export and import freight. There will, therefore, in almost every case be a surplus of cargo moving in one direction, and the ships required to take care of that surplus must, after discharging, seek employment in another direction. Varying seasons in different countries, too, affect the demand for tonnage. It sometimes requires considerable ingenuity on the part of shipping lines to arrange sailings between given ports so that they will be both regular and profitable.

A scheme devised about ten years ago by the directors of the Russian Volunteer Fleet at Odessa, as once explained to the author, may be taken as an illustration. There is a very large and profitable emigrant traffic from Russia and the Levant to the United States. Several vessels belonging to the fleet in question were, at that time, not very profitably employed. There was no question about the large profits to be obtained from emigrant passages if a regular line were established to sail from Odessa via Turkish, and possibly Italian, ports on the Mediterranean, to New York, for the assured patronage

from all these ports was quite enough to cover the expenses for the outward voyage (Odessa to New York).

The directors of the Russian Volunteer Fleet were not convinced, however, that return traffic would be sufficiently large or regular to be relied upon to support a direct return voyage from New York. Accordingly, they planned to send the Russian ships from New York to Brazil, either in ballast or with such cargo as might be picked up at New York, and in Brazil load coffee, partly for Trieste and partly for south Russian ports. The heavy demand for coffee, and comparatively limited competition in direct sailings from Brazil to the Adriatic and Russia, made it seem probable that in thus arranging the triangle satisfactory profits might be anticipated. While this scheme never materialized owing to the outbreak of the Russo-Japanese War, yet it is illustrative of the ingenuity that sometimes has to be exercised by shipowners in the effort to give their boats profitable employment.

South Africa is an example of a market that offers little, if any, return cargo. It is a big importing market, but its exports hitherto have been limited as to volume because there is little bulk freight such as cargo carriers must look for. They can by no means depend on shipments of gold dust, diamonds, and ostrich feathers. Though these commodities are intrinsically valuable, freight revenues thereon are insignificant. While the great company that almost monopolizes the passenger traffic between Great Britain and the South African Union maintains a large fleet of big, fast, modern steamers, it is enabled to do so from the passenger fares received and from the cargo business bound southward. The vessels return practically empty. Other ships com-

peting for this trade, after discharging cargo at South African ports, find themselves obliged to sail in ballast to some distant port to obtain cargo for their return voyage. So ships serving the New York-Cape trade have to work their way from Africa to Europe by way of India or Australia and come from Europe in ballast to New York again to get a cargo here for South Africa. It has been stated that the expense suffered by these steamers in coming from Europe empty to load South African cargo at New York amounts to at least $6,000 per voyage.[2]

The routes taken by both steamships and sailing vessels are influenced by climatic and seasonal conditions. In some parts of the ocean trade winds are to be counted on with all the certainty of recurring seasons or of alternating night and day. Ocean currents, veritable rivers flowing between banks of water, are in some cases strong enough to affect seriously the progress of low-powered, slow, and heavily laden cargo carriers. Sailing ships, from their very nature, are forced to study scientifically the prevailing winds and currents in various parts of the ocean. It is for this reason that a sailing ship from the United States, destined for Brazil, will very likely be found, in the course of her voyage, close to the coast of Africa.

Steamships, while independent of the winds, must, to a certain extent, take account of ocean currents, but as a whole they may be said to lay their courses to accomplish their voyages over the shortest possible routes. Steamships estimate a voyage by knots trav-

[2] Proceedings of the Committee of the House of Representatives on Merchant Marine and Fisheries in the Investigation of Shipping Combinations, p. 313.

versed; sailing ships, by days at sea. The steamships, burning so much coal, seek the shortest possible route between terminals; the sailors merely try to make their voyage in the shortest possible time, since they must of course traverse many unnecessary miles in tacking against adverse winds or in seeking, sometimes through a long detour, a favorable trade wind.

In the North Atlantic trunk route the liners traverse well-defined lanes varying according to the season. The word "lanes," in its literal sense, is vividly descriptive of the routes laid across the ocean and bounded by certain well-defined degrees of latitude and longitude. They were first proposed by an American naval officer as tending to diminish risks of collision between ships traveling in opposite directions across the comparatively crowded North Atlantic. Such lanes run farther north in the winter than in the summer in order to take advantage of the short route via the great circle, while in spring and early autumn the lanes follow an intermediate course. This is done to lessen danger from floating ice, set free from arctic regions by the advent of warm weather. Since the loss of the Titanic, the established lanes have been marked somewhat farther south than before, during the season when icebergs are to be expected. The course followed by these North Atlantic liners is so well and widely understood that it is possible for the great fleet of fishing boats which gathers off the Great Banks of Newfoundland to avoid the course taken by the steamers.[3]

[3] The steamship routes adopted to take effect April 15, 1913, are officially described as follows:

From February 1 to August 31, both days inclusive:

Westbound.—From Fastnet or Bishops Rock on a great circle to longitude 47 deg. in latitude 41 deg. 30 min., thence by either rhumb

3. Expected Effects on Commerce of the Panama Canal

In considering ocean routes and mileage it must be remembered that the nautical mile or knot differs materially from the mile used on land, the statute mile. The latter is 5,280 feet in length, the nautical, 6,080 feet. Figure 10 gives a fairly comprehensive idea of the sea mileage by various routes between some of the principal ports of the United States and some of the most important ports throughout the world. While showing the variation in distance according to different routes followed, this table also serves to illustrate the saving to be effected by the Panama Canal. For example, in proceeding from New York to Shanghai steamers at present using the Suez Canal traverse 12,525 miles; if they proceed via the Cape of Good Hope the distance is 14,593 miles. By the use of the Panama Canal, however, it is possible to reach Shanghai after a voyage of only 10,649 miles. The saving in distance between New York and Sydney, New South Wales, is considerably greater —practically 4,000 miles over either the Suez or Cape of Good Hope routes, the two last being almost identical in distance.

line or great circle to Boston Lightship or a point south of Nantucket Shoals Lightship.

Eastbound.—From latitude 40 deg. 10 min., longitude 70 deg., or from Boston Lightship, by rhumb line to longitude 47 deg. in latitude 40 deg. 30 min., thence by great circle to Fastnet or Bishops Rock.

From September 1 to January 31, both days inclusive:

Westbound.—From Fastnet or Bishops Rock on a great circle to longitude 50 deg. in latitude 44 deg., thence by either rhumb line or great circle to Boston Lightship or a point south of Nantucket Shoals Lightship.

Eastbound.—From latitude 40 deg. 10 min., longitude 70 deg., or from Boston Lightship, by rhumb line or longitude 50 deg. in latitude 43 deg., thence by great circle to Fastnet or Bishops Rock.

To	Route	From New York	From New Orleans	From San Francisco
Bombay	Via Suez	8,120	9,536	.....
	Via Cape of Good Hope....	11,250	11,848	.....
	Via Singapore	.....	.....	9,780
Buenos Aires...	Via Rio de Janeiro.....	5,868	6,318	.....
	Via Magellan	.....	.....	7,511
Callao	Via Panama	3,363	2,784	.....
	Via Magellan	9,613	10,029	.....
	Direct	.....	.....	4,012
Cape Town....	Direct via St. Vincent.....	6,720	.....	.....
	Via Panama	.....	.....	9,898
	Via Magellan	.....	.....	10,454
Gibraltar	Direct	3,195	4,553	.....
	Via Panama	.....	.....	7,642
Hamburg	Direct	3,510	5,101	.....
	Via Magellan	.....	.....	13,883
	Via Panama	.....	.....	8,355
Hong Kong	Via Suez	11,673	13,031	.....
	Via Panama	11,190	10,611	.....
	Via Cape of Good Hope....	13,590	13,863	.....
	Via Yokohama and Shanghai	.....	.....	6,086
Honolulu	Via Panama	6,702	6,123	.....
	Via Magellan	13,312	13,728	.....
	Via Tehuantepec	5,691	4,555	.....
	Direct	.....	.....	2,097
Liverpool	Direct	3,053	4,653	.....
	Via Panama	.....	.....	7,836
	Via Magellan	.....	.....	13,502
London	Direct	3,222	4,812	.....
	Via Panama	.....	.....	8,218
	Via Magellan	.....	.....	13,683
Manila	Via Honolulu	.....	.....	6,943
	Via Yokohama	.....	.....	6,289
	Via Panama	11,548	10,969	.....
	Via Suez	11,589	12,947	.....
	Via Cape of Good Hope...	13,536	13,986	.....

Fig. 10.—Distances from Ports of the United States to Some of the Principal Foreign Ports

To	Route	From New York	From New Orleans	From San Francisco
Melbourne	Via Suez	12,981	14,303	.....
	Via Cape of Good Hope....	13,162	14,095	.....
	Via Panama	10,392	9,813	.....
	Direct	.....	.....	7,040
Montevideo	Via Rio de Janeiro.....	5,768	6,218	.....
	Via Magellan	.....	.....	7,611
Naples	Direct	4,155	5,562	.....
	Via Panama	.....	.....	8,602
New Orleans...	Via Panama	.....	.....	4,704
	Direct	1,730	.....	.....
New York.....	Via Panama	.....	.....	5,262
	Direct	.....	1,730	.....
Pernambuco ...	Direct	3,696	4,112	.....
	Via Panama	.....	.....	6,530
	Via Magellan	.....	.....	9,439
Rio de Janeiro..	Direct	4,778	5,218	.....
	Via Panama	.....	.....	7,678
	Via Magellan	.....	.....	8,339
San Francisco..	Via Panama	5,262	4,683	.....
	Via Magellan	13,135	13,551	.....
Singapore	Via Suez	10,170	11,560	.....
	Via Cape of Good Hope....	12,355	12,914	.....
	Via Shanghai, etc.....	.....	.....	7,502
Shanghai	Via Panama	10,649	10,070	.....
	Via Cape of Good Hope...	14,593	15,526	.....
	Via Suez	12,525	13,883	.....
	Via Yokohama	.....	.....	5,550
Sydney	Via Suez	13,320	14,678	.....
	Via Cape of Good Hope...	13,743	14,676	.....
	Via Panama	9,811	9,232	.....
	Via Honolulu, Samoa, and Wellington	.....	.....	.....
Valparaiso	Via Panama	4,633	4,054	.....
	Via Magellan	8,380	8,796	.....
	Direct	.....	.....	5,140

Fig. 10.—Continued

To	Route	From New York	From New Orleans	From San Francisco
Wellington, N. Z.	Via Suez	14,230	15,620	.....
	Via Cape of Good Hope	14,441	15,374	.....
	Via Panama	8,851	8,272	.....
	Via Honolulu and Samoa	.....	.....	5,909
Yokohama	Via Suez	13,566	14,924	.....
	Via Cape of Good Hope	15,020	15,443	.....
	Via Panama and Great Circle	9,798	9,219	.....
	Via Honolulu	.....	.....	5,500
	Direct	.....	.....	4,536

Fig. 10.—Continued

The probable effect which the use of the Panama Canal route will have on the world's commerce has been so thoroughly discussed in extended reports to Congress and by repeated articles in the daily press and in the weekly and monthly magazines of the country that a long discussion seems unnecessary in this treatise. Statistics for the first six months' operation show that practically all expectations as to volume have been exceeded. A few probable tendencies may be indicated.

Before all else the Canal will benefit the shippers between the east coast and the west coast of the United States. Very likely it will contribute materially to the development of the west coast of South America and perhaps, ultimately, of both the Caribbean and Pacific coasts of Central America. There seems, however, a general disposition to exaggerate its effects in this regard, that is, on the Latin-American countries, particularly those on the west coast. The development that is hoped for in some of the more sparsely settled countries and districts

will undoubtedly be much slower than some enthusiasts have predicted.

On the other hand the fact is generally overlooked that the opening of the Canal has brought New Zealand and the principal ports of Australia and Japan more than two thousand miles nearer to New York and other Atlantic ports of the United States than to Liverpool and most other great European shipping points. In this fact resides the greatest promise for our manufacturers and merchants. The Panama route does not benefit shipping from Europe to Australia or to the Orient; the route via Suez is still the shorter and, for other reasons, the preferable route, New Zealand, only, having an advantage in miles. Manila, Hong Kong, and Shanghai are still nearer Liverpool than New York, despite the shortened voyage for our ships.

Liverpool (as a typical European shipping point) by patronizing the Panama route can gain in mileage only in the case of shipments to Japan. But since all the line traffic includes a series of calls and is not destined to one port only, it is probable that the established European lines will continue using the Suez route to Japan, calling at Hong Kong and Shanghai, while American ships for Manila will doubtless abandon present routes in favor of Panama, stopping at Yokohama, Shanghai, and Hong Kong, in spite of the slightly greater distance to Manila.

Hong Kong and Manila are nearly on the line that marks the division of advantage between the Panama and previous routes, so far as the United States is concerned; the old routes still have the preference in shipping to the Straits Settlements, British India, the

Dutch East Indies, etc. But all Australasia is nearer via Panama. The entire west coast of South, Central, and North America, from Coronel, in Chile, to Vancouver, in British Columbia, has been brought hundreds, even thousands, of miles nearer, not only to our own ports, but to those of Europe also. From three or four days to as many weeks may be saved to ships of all the maritime nations in using the Panama route on those voyages for which it offers an advantage in distance, the time saved depending, of course, on the speed of the vessel.

The comparative distances from New York and Liverpool to Australasia, China, and Japan via the Suez and Panama canals are represented in Figure 11.

More important than distance or time saved may be the question of coal supplies and coal costs by the Panama route as opposed to those of alternative routes. Undoubtedly there will be ample facilities for coaling and cheap supplies at both ends of the Canal; moreover, several of the West India islands are planning to enlarge their coal depots. In addition, it is reported that the French Government is planning to develop facilities at Tahiti, which may become an important port of call on the Panama-Australasian route. But the rapid, and to some extent unexpected, advance in favor of oil-burning and internal-combustion engines on ocean ships may revolutionize plans hitherto proposed—may, indeed, have determining influence on the choice of routes.

In the opinion of the directors of the Suez Canal Company, "The Panama waterway is to be regarded as a complement, not as a competitor." Certain it is, however, that an enormous amount of commerce and trade

To	New York, via Panama Canal		Liverpool, via Suez Canal		Distance in Favor of New York + or Liverpool—
	Ports of Call	Distance	Ports of Call	Distance	
Wellington ..	Panama and Tahiti.	8,851	Aden, Colombo, King George Sound....	12,989	+ 4,138
Sydney	Panama and Tahiti.	9,811	Aden, Colombo, King George Sound....	12,235	+ 2,424
Adelaide	Panama and Tahiti.	10,904	Aden, Colombo, King George Sound....	11,142	+ 238
Manila	Panama, San Francisco, and Yokohama	11,548	Aden, Colombo, Singapore	9,701	— 1,847
Hong Kong..	Panama, San Francisco, and Yokohama	11,383	Aden, Colombo, Singapore	9,785	— 1,598
Shanghai ...	Panama, San Francisco, and Yokohama	10,839	Aden, Colombo, Singapore, and Hong Kong.....	10,637	— 202
Tientsin	Panama, San Francisco, and Yokohama	11,248	Aden, Colombo, Singapore, and Hong Kong.....	11,377	+ 129
Yokohama ..	Panama and San Francisco	9,798	Aden, Colombo, Singapore, and Hong Kong.....	11,678	+ 1,880

Fig. 11.—Comparative Distances from New York and Liverpool to Australasia, China, and Japan via the Suez and Panama Canals

From *Panama Traffic and Tolls*, Report to Congress, 1912, by E. R. Johnson.

This table presents some interesting facts to the seeing eye. It is worthy of thoughtful analysis. Distances are important, but they are not the only factor. The ports of call that may be made en route are often more determinative than distances. Business and not distance determines routes.

will be reorganized, perhaps redistributed. There are great opportunities awaiting the West Indies; a heavy tide of emigration to the west coast Latin-American republics will set in if the several governments will only so alter sanitary and economic conditions as to tempt immigration; the establishment of a number of around-

the-world steamship services is almost a certainty; with improved Australasian connections, New York may rival London as a wool center; United States coal exports ought to grow by leaps and bounds to figures approximating those of Great Britain. These are some of the surest results anticipated from our great work at the Isthmus.

The Suez Canal opened a new trade empire to the commerce of Europe. In spite of transportation changes and the competition of the Trans-Siberian Railway, it still more than holds its own after forty-three years of operation. Its profits in 1912 were nearly $18,000,000, the largest on record; during this year 5,373 vessels passed through it. For some time to come the traffic through the Panama Canal probably will not equal that at Suez. The future may depend on the regulations and administration provided by the Congress of the United States.

What Panama means to the United States, to the people of the interior, no less than the people of the seaboards, Pacific, Gulf, and Atlantic, might be the text for a big and great book.

4. Transshipping Services

The successful export traffic man must have an intimate knowledge of geographical conditions. Not only must he know where and what the leading foreign ports are and how they may be reached, but he must also study the best, quickest, and cheapest ways of landing his goods at ports of less importance and of delivering them at such ports as are most favorably situated in relation to interior places.

A few months ago an American house properly marked a motor boat for Bagdad, but shipped it to Smyrna. At

Smyrna the boat was farther from Bagdad than it was before it left New York. What that exporter thought would happen to his shipment when it got to Smyrna, history does not say. Perhaps he thought it would be hauled overland—across mountains and deserts, a small matter of thirty days' travel or thereabouts. A fascinating study, this of the world's geography and shipping—a story of steamships and schooners and lighters; of river boats running a thousand miles back from ports into the interiors of countries we think of as wild; of great rail systems and trains of pack mules, camels, or llamas; of pianos carried inland on men's shoulders at a cost of $300 each. Plain geography is the basis of it all. The foreign shipper must study geography with a new interest.

Practically all important seaports the world over are reached by direct steamers from some port of the United States. All other ports of minor, even of the smallest, importance are reached by American merchants through connecting services, transshipping from the termini of direct lines from the United States. A very large transshipment trade in goods of European origin is done at the port of New York, just as there is a large transshiping business in American goods at the port of Hamburg.

Philadelphia has no direct sailings to Australia, hence Philadelphia manufacturers, in shipping goods destined for Australian customers, must either forward their goods to New York to be shipped thence by direct steamer, or they may patronize steamers sailing from Philadelphia to Liverpool, London, or Continental ports, transshipping at these points to other lines bound for Australia, always on through bills of lading, it must be understood. Similar conditions exist in shipping from other American cities to various markets and in the case

of foreign shipments coming into places in the United States not reached by direct ships, even though they may be seaports.

As a general rule, transshipment is to be avoided whenever possible, because of the danger of damage involved in extra handling, and because it usually entails loss of time. There are cases, however, where a transshipping service is equally as satisfactory as a direct service.

In the Australian trade, the White Star Line plying between the several ports of the United States, which it reaches, and Liverpool or Southampton, England, competes with the direct steamers sailing out of New York for American freight destined to Australia. Rates from New York through to Australian points, by transshipment from the White Star boats sailing from this side to White Star boats at Liverpool plying via the Cape of Good Hope to Australia, are at this writing actually lower than rates quoted by slower direct vessels between New York and Australian ports.

All of the great lines sailing from American ports offer a great variety of transshipping connections. The Hamburg-American Line, for instance, publishes a hand-book of ports reached via that line by transshipment at Hamburg. The list includes about one thousand ports in all parts of the world. By way of specific example, it may be mentioned that it enumerates more than one hundred ports on the Baltic Sea alone that can be reached on through bills of lading by transshipping from Hamburg-American boats to subsidiary or connecting services at the home port of Hamburg. Practically the same thing is true of lines terminating at Liverpool or almost any other of the world's great ports.

The choice of routes open to a shipper is therefore wide

and usually depends on rates quoted, quickness in transit time, or, sometimes, on insurance premiums necessitated. A merchant in New York wishing to ship goods to Constantinople, for example, will find direct steamers between New York and that port; or he may ship, probably at the same freight rate, by Italian lines from New York to Naples and Genoa, transshipping thence to Constantinople; or he may patronize the Austrian Lloyd line plying from New York to Trieste and thence transshipping to the Levant services of the same line; or he may ship to Liverpool, obtaining transshipment thence to lines plying through the Mediterranean and Black Sea; or he may ship to Hamburg, and even in this roundabout service, by means of the Levant Line from Hamburg, reach Constantinople as cheaply, although not so quickly, as by the steamers direct from New York to Constantinople.

Freight rates on through bills of lading that involve transshipment are almost always reasonable, sometimes surprisingly cheap. In making the combination, rate allowances deemed necessary to tempt shipments or to meet competition may be absorbed in the usual rate of the initial line or they may be divided by the two lines involved. Through bills are not always issued, however, even to ports listed as ordinarily reached; the quantity and character of the shipment tendered occasionally affects the disposition of the initial line in this respect. Transshipping charges are almost always included in the through rate, but large or heavy pieces that involve special handling are exceptions; for them the companies are sometimes unable to estimate transshipping costs and in such cases these charges follow to the consignees.

A few suggestions concerning the principal lines existing prior to the outbreak of the European War may be

given to the reader who has hitherto paid little attention to the subject. It should be remembered that the services advertised are subject to frequent changes.[4] Further, it may be observed that ships are frequently advertised to sail for such and such ports "if sufficient inducement offers." This expression will not be noticed in the case of the big lines to Europe, for example, but may often be encountered in examining sailing lists for the West Coast of South America, the East Indies and the Far East, etc.

In the former case a ship sailing for the general destination of the West Coast will probably take out a cargo composed chiefly of goods to be discharged at Valparaiso and Callao; whether she will call at Antofagasta, for instance, may depend on how much cargo is tendered for that port. Obviously, it would not pay a ship to call at any one of the numerous ports of comparative insignificance along that coast merely to put ashore one case of boots and shoes and two cases of hardware; nor is the commerce of such ports regular enough to warrant including them in a line's fixed itinerary. When, before sailing, a vessel decides that sufficient inducement has not been offered to make a given call worth while, then intending shippers to such a port must either forward to a nearby point to be transshipped to destination or, if that is impossible, hold the shipment for the next opportunity—a contingency which importers at such points are quite prepared to accept.

[4] Full lists with sundry particulars required for constant reference by actual shippers, are to be found in the American Exporters' Export Trade Directory, or in the Exporters' Encyclopedia, which has a wealth of details especially valuable to those who are located at seaports and who make their own shipments.

5. Ocean Services from Representative American Ports [5]

(a) Steamship Lines from New York

Great Britain is reached by no less than eight different but regular steamship lines sailing from New York direct to Liverpool, Southampton, London, Bristol, Swansea, Manchester, Hull, Newcastle, Leith, and Glasgow, with occasional steamers for Newport and Cardiff.

Belgium is reached by two direct lines from New York to Antwerp; Holland by three to Rotterdam.

There are only two lines plying from New York to Germany, terminating at Bremen and Hamburg, respectively. These two lines, however, afford from nine to twenty sailings a month, according to traffic.

From New York to Denmark there is but one direct line, which also touches at Christiania, Norway. There is a newly established direct line from New York to the latter port, but Sweden is at present reached by transshipment.

Only one regular line connects New York with Russia, terminating at Libau. Occasional sailings for Odessa and other ports on the Black Sea are noted.

France is reached from New York by three regular lines, which land cargo at Havre, Dunkirk, Bordeaux, and Marseilles.

Lisbon, Portugal, is reached by two lines sailing from New York; the Spanish ports of Cadiz, Barcelona, and Valencia, by three lines with occasional sailings at irregular intervals for other ports.

Fifteen regular lines connect New York with ports of

[5] As they existed under normal conditions prior to August 1, 1914. Following the outbreak of the European war some services were suspended, others radically altered.

Italy, principally Naples and Genoa, with some calls at Leghorn, Venice, Messina, and Palermo.

Communication between New York and the Austro-Hungarian ports of Trieste and Fiume is maintained by two direct steamship lines, and two other lines connect New York with Piraeus, Greece, while another calls monthly at Patras, Greece. Ports of Turkey, particularly Constantinople and Smyrna, are reached from New York by three direct lines of steamers.

The ports of British India—Karachi, Bombay, Madras, Calcutta, Rangoon, and Colombo—are connected with New York by two direct regular lines, while all of the lines plying to the Far East from New York touch at Singapore.

China and Japan are reached by the same steamship lines from New York, five in number, calling at Hong Kong, Shanghai, Kobe, and Yokohama, with occasional sailings for other Japanese points. The same lines also touch at Manila and have occasional direct sailings for other ports of the Philippines, notably Cebu and Iloilo.

Three steamship lines from New York sail directly to ports of Australasia, including Freemantle, Adelaide, Melbourne, Sydney, Brisbane, Auckland, Wellington, Lyttelton, and Dunedin.

Ports of South Africa are reached from New York by five lines of steamers, usually calling at Cape Town, Port Elizabeth, East London, Durban, and Delagoa Bay.

Between New York and Brazil there are six direct lines of steamships reaching all of the principal ports, one of the lines also extending its service up the Amazon as far as Manaos.

The River Plate territory, including Buenos Aires, La Plata, and Rosario in the Argentine Republic, and Monte-

video in Uruguay, is reached by six direct lines of steamers from New York; two other lines engaged chiefly in the trade with the West Coast of South America call at Bahia Blanca, Argentine Republic.

New York is connected with the west coast of South America, including the principal ports of Chile from Punta Arenas in the Strait of Magellan north to Peruvian and Ecuadorean ports, by three direct lines.

To Mexico there are but two direct lines from New York, these lines serving ports on the Gulf from Progresso to Tampico.

There is a direct steamship service from New York to Port Limon, Costa Rica; another to Puerto Cortez, Honduras; one to Belize, British Honduras; and four regular services to Panama, touching at Colon or Bocas del Toro.

The northern coast of South America is reached from New York by three direct lines, which touch at Cartagena, Savanilla (port of Barranquilla), and Santa Marta in Colombia; two lines touch at the principal ports of Venezuela; three lines reach British Guiana; and one calls at Paramaribo, Dutch Guiana.

New York also has regular communication by a number of direct steamship lines with all of the Windward and Leeward Islands, including Trinidad and Barbados, and several services to various ports of Cuba, four lines serving ports of Porto Rico, four reaching the island of Jamaica, two touching at Haitian ports, and one plying to the Dominican Republic.

(b) Steamship Lines from Portland, Maine

From December to April, inclusive, when their ordinary Canadian terminal ports are closed on account of ice,

three lines sail from Portland, Maine. These are the Allen Line to Glasgow, the Dominion Line to Liverpool and Bristol, and the Thomson Line to London and Naples.

(c) Steamship Lines from Boston

There are nine direct steamship lines from Boston to ports of the United Kingdom; one line to Antwerp; one to Hamburg; one to Stettin; two to Christiana, Norway, and one to Copenhagen, Denmark; one to Holland; one to Genoa and Naples; one to Havana, Cuba; one to Port Limon, Costa Rica; one to River Plate ports; one to China and Japan; and two to Nova Scotia.

(d) Steamship Lines from Philadelphia

Philadelphia has direct steamship communication with ports of Great Britain by seven steamship lines; one line plying to Antwerp, Belgium; another to Hamburg, Germany; one to Rotterdam, Holland; two to Christiana, Norway, and Copenhagen, Denmark; one to Genoa and Naples, Italy; two to Jamaica; and one to some Cuban ports.

(e) Steamship Lines from Baltimore

Baltimore is connected by five lines of steamers with ports of the United Kingdom, by two lines with ports of Germany, by one line with Holland, by one with Belgium, by three with France, by one with Christiana and Copenhagen, and by two lines to Jamaica, one to Cuban ports and one to Colon, Panama.

(f) Steamship Lines from Newport News and Norfolk

Two direct steamship lines connect Newport News and Norfolk, Va., with British ports; two lines ply to Holland; two to Germany; and one to Vera Cruz, Mexico.

(g) Steamship Lines from Savannah

There are eight steamship lines operating on somewhat irregular schedules, dependent on the season, from Savannah to various ports of Great Britain and the continent of Europe, including Scandinavia, Germany, Holland, Belgium, France, Spain, Italy, and Austria-Hungary.

(h) Steamship Lines from Mobile

Mobile boasts eleven or twelve steamship lines plying at varied intervals direct to British, German, French, Dutch, and other European ports; to Vera Cruz and other Mexican ports; to Cuba, Panama, Costa Rica, Honduras, British Honduras, Guatemala, Jamaica, Haiti, Trinidad, Barbados and other West Indian Islands, and Demerara.

(i) Steamship Lines from New Orleans

From New Orleans there are twenty or more lines to Europe, including Great Britain, France, Belgium, Holland, Germany, Denmark, Norway, Sweden, Spain, Portugal, Italy, and Austria; three lines to Mexico; one to Porto Rico; two to Honduras; two to Nicaragua; one to British Honduras; one to Guatemala; one to Costa Rica; one to Panama; two to Cuba; one to Jamaica; one to

Brazil and the River Plate; and one to the Far East. Five or six of the European lines carry passengers as well as freight, but the sailings of many are irregular, although usually frequent during the cotton season.

(j) Steamship Lines from Galveston, Texas City, and Port Arthur

There are about twenty-five steamship lines sailing at regular or irregular intervals from Galveston, Texas City, and Port Arthur to England, France, Germany, Belgium, Holland, Spain, Italy, Austria, Denmark, Norway, Sweden, and Denmark; one line to Cuba; one to Jamaica; two to Mexico; and one to Porto Rico.

(k) Steamship Lines from San Francisco

From San Francisco four steamship lines reach Hawaii; two sail to China, Japan, and the Philippines; four ply to ports of the west coast of Mexico and Central America; three reach ports of the west coast of South America; three reach ports of Europe including Antwerp, London, Liverpool, Glasgow, Hamburg, and Dunkirk; and one reaches Australasian ports.

(l) Steamship Lines from Seattle and Tacoma

From the Puget Sound ports there are two steamship lines plying to Hawaii; two to Australasia; and four to Japan, China, and the Philippines. In addition, there are four lines to Great Britain and the continent of Europe and three calling at ports of the west coasts of Mexico, Central America, and South America.

TEST QUESTIONS

1. In what sense can the words "trunk line" be applied to ocean routes?

2. Explain the chief characteristics of the North Atlantic route.

3. Why do not sailing vessels use the Suez Canal for Oriental trade?

4. What are some of the important features of the Mediterranean and Oriental routes?

5. What are some of the most important ports on the South African route?

6. Explain what is meant by the triangular voyage on the South American route.

7. In what ways does the Caribbean route differ from the other oceanic routes?

8. Trace the main ports on the East Asia-American route.

9. Why has shipping been irregular on the North and South Pacific route?

10. Explain how steamship companies attempt to arrange profitable routes.

11. What is the difference between a statute mile and a nautical mile?

12. What are some of the most important routes whose distances are affected by the Panama Canal?

13. Why, if Liverpool is nearer to Japan by way of the Panama Canal, will ships from Liverpool probably continue to use the Suez route?

14. Why is the question of coal supplies and coal costs important with reference to the Panama route?

15. What are some of the chief advantages which the port of New York may expect from the Panama Canal?

16. What are some of the most important points to observe in transshipping facilities in sea borne traffic?

17. Mention some instances in which transshipment may actually be cheaper than direct service.

18. What are the advantages of through bills of lading?

19. Under what conditions are transshipping costs charged to consignee?

20. In what connection is the phrase "if sufficient inducement offers" used in steamship-line advertising?

CHAPTER VI

CHARTERS AND OCEAN FREIGHT RATES

1. The Economy of Transportation by Water

Few people, except those closely associated with ships, realize the enormous quantity of freight required to fill the holds of a modern steamer. Take as an example a cargo vessel rated as of 6,000 gross tons, with a dead weight cargo-carrying capacity of 10,000 tons, and disregard (though impossible, practically) the variation in freights composed partly of heavy and partly of light but bulky goods. The average load of a freight car in the United States in 1912 was 36 tons. On this basis the steamship in question would absorb into her holds the contents of more than 310 box cars, or anywhere from ten to thirty ordinary train loads. Perhaps some actual examples will illustrate the enormous carrying capacity still further. The steamship Iowa sailed from Galveston for Bremen on September 26, 1913, carrying 22,500 bales of cotton weighing 11,925,000 pounds, or almost 6,000 tons, the ordinary load of 375 railway freight cars. On October 4, 1913, the San Gregorio, the largest oil carrier afloat, sailed from New York for Rotterdam with 14,200 tons of refined petroleum, or more than the contents of 530 standard tank railway cars.

It has been stated in New York shipping circles that the cost of transporting one ton of freight one mile by water averages only seven-eighths of a mill, while by rail the cost averages 8.48 times as much, or 7.4 mills. A

paper read before the Institution of Civil Engineers in England demonstrated that in that country the sea-borne cost was only one thirty-fifth of the rail cost, which is 1.54 pence per ton per geographical mile for mineral trains. An American Consular report[1] dealing with the question of rail and ocean freight rates quotes from the British Board of Trade Journal some rates on various commodities in Germany. Taking machinery as an example, it is shown that when shipped in not less than ten-ton lots the rate per 100 pounds from Frankfort to the port of Hamburg, a distance of 333 miles, is about 14 cents, while the rate on the same goods by steamship from Hamburg to Melbourne, Australia, a distance of 11,000 miles, is 43 cents per 100 pounds.

Some time ago South African importers, complaining of ocean freight rates from England, were confronted with the evidence that rates on iron from the United Kingdom to Durban, a distance of about 7,000 miles, were (at that time) 25 shillings per ton, while the rail rate inland from Durban to destination (Kimberly), a distance of 483 miles, was 110 shillings, or about four and a half times as much for the short-rail haul as for the ocean haul, which was fourteen or fifteen times as long. As an example of the economy in ocean freight rates, even for small parcels, the experience of a Chicago boot and shoe manufacturer may be cited. He found that at the carload rate it would cost him about $1.20 to transport 48 pairs of men's shoes by rail from Chicago to New York, a distance of 912 miles, while, even at the exceptionally high rates of ocean freight recently ruling, the rate for the same shoes from New York to London, a distance of 3,222 miles, was but little more, viz., about $1.32.

[1] Daily Consular and Trade Reports, July 23, 1913, page 436.

2. Basis for Ocean Freight Rates

Before entering upon any consideration of ocean freight rates it is necessary to understand clearly the basis on which they are made. In ordinary rail shipments in the United States the long ton has long since fallen into disuse.[2] However, in the great majority of instances in ocean transportation, it is assumed to be understood universally that a ton is a long ton and consists of 20 hundredweight (cwt.) of 112 pounds each, a total of 2,240 pounds.

Americans unfamiliar with English terms and practices, which rule in the shipping trade over the long routes, barring only certain few exceptions, for the most part frequently make the mistake of calling and sometimes even quoting prices per hundredweight, meaning thereby 100 pounds. This is more than likely to lead to serious misunderstandings in negotiations with foreign customers. Hundredweight should never be used to represent 100 pounds. It is necessary in studying sea borne traffic with foreign ports to learn thoroughly the difference in terminology and the varying equivalents of foreign, especially English, denominations. Not only must the long ton be understood, but American shippers or importers must learn that the English or Imperial gallon is one-fifth larger than the American gallon. Again, that Europeans in speaking of carloads usually mean thereby from 10 to 15 tons, their railway freight cars being small and light as compared with ours.

Furthermore, terms in English currency have to be used constantly and their equivalents in American money

[2] There are certain commodities moving by rail that always take the long ton, but they are few in number.

should be studied. The English pound sterling, divided into 20 shillings of 12 pence each, is usually, in steamship practice, taken as the equivalent of $4.86 or $4.87, unless otherwise specifically stated. For quick and rough conversion it may, however, be called $4.80, making the value of each shilling 24 cents and of each penny 2 cents. This conversion, however, must not be followed in actual computations, except when warranted by ruling rates of exchange.

Frequently, when a steamship company is asked for a quotation of freight rates it names a rate "per ton, weight or measurement, ship's option." This means that the freight will be assessed either per ton of 2,240 pounds or per measurement ton of 40 cubic feet,[3] whichever may be found to be more advantageous for the ship, that is, bring in the larger revenue. If, in steamship parlance, a package "measures more than it weighs," that is, if its weight is not so much as 56 pounds to the cubic foot, then the freight rate will be per ton of 40 cubic feet. Since comparatively few commodities "weigh more than they measure," it follows that the great majority of ocean freight rates are based on the measurement and not on the weight ton.[4]

[3] The measurement ton is 50 cubic feet in shipping by sailing vessels. The cubic contents of a package are found by multiplying together the length, breadth, and thickness in feet and inches. The result is expressed in cubic feet and twelfths of a cubic foot. Thus 11^9 means 11 cubic feet and 9/12 of a cubic foot, or 9 inches. Books of tables are published by the aid of which cubical contents may readily be found without the necessity of actual calculation. The greatest dimensions of a package in each direction are always taken. Packages of irregular shape are measured to result in the largest cubical contents possible; no compromise or "average" dimension is possible.

[4] Curiosity is often manifested as to the origin of the measurement ton of 40 cubic feet accepted in the shipping trade as the equivalent of the ton weight of 2,240 pounds. This practice seems to have arisen

The practice just explained, although common enough still, seems likely to be abolished gradually. Less than ten years ago it was virtually the only distinction made by steamship agents as to general cargo in trans-oceanic trades. With the exception of West Indian and Central American ships, hardly a line sailed from New York that did not accept general cargo either as "measurement" goods or as "weight" goods. This was almost the only distinction made, without reference to the character of the commodities involved—shoes, furniture, and machinery were all taken as "measurement" freight, indiscriminately.

One of the first innovations introduced was a rate per barrel on cotton seed oil. The practice of quoting per package or per other unit has gradually become more general, until today the shipper of cotton piece goods in bales to China pays freight in cents per 100 pounds, a quotation which would have paralyzed the old-timer with astonishment. Today a bill of lading for a mixed shipment may show six or eight or a dozen different rates of freight applying to the various packages and commodities represented, all of which, ten, even six or eight years ago, would have been lumped together at one rate, without discrimination. Similarly, the number of lines calling the ton 2,000 instead of 2,240 pounds, or (what is the same thing) quoting per 100 pounds and extending

because in early days it was found that a ton weight of Russian wheat occupied 40 cubic feet, Russia at one time having been the chief source of Great Britain's wheat supply. Mr. Frank Andrews, in his article on *Ocean Freight Rates and Conditions Affecting Them*, published as a Bulletin of the Department of Agriculture, states that "In the case of wheat, a measurement ton of the average quality produced in the United States equals from 82 to 85 per cent of a ton in weight, since 40 cubic feet contain on an average from 1,850 to 1,900 pounds of this article."

the application of "weight" rates to freight formerly taken only by measure, seems to be increasing.

There is absolutely no uniformity, however, in steamship practice in regard to these matters. One and the same line quotes some rates in shillings per long ton or per 40 cubic feet and other rates in cents per foot, per unit, per package, or per 100 pounds, while another line reverses the practices of the first in some or even in all respects. Present conditions in ocean freights can only be described as chaotic, although there are a few lines that have more or less scientifically scheduled commodities. These are referred to again later in this chapter.

The example of the German lines, the rapid increase in the foreign commerce of the United States, and a desire to cater to shippers with familiar terms, and, in the case of Oriental and Australasian trade, the competition of the trans-continental rail lines, have all tended to hasten the changes from the old and eminently unscientific methods.

The Germans in the North Atlantic trade were the first to classify freights, making six divisions in the trade from Germany to the United States, as shown in the accompanying reproduction of a page from a recent handbook. Classes and rates shown apply solely to goods imported into the United States from Germany, nothing of the sort being published governing shipments in the reverse direction, *i. e.*, from the United States. It will be noted that rates are quoted in dollars per cubic meter —dollars, apparently, for the information of the American importer and meters, probably, for the convenience of the ship. This is a perplexing and needless variation that is characteristic of the whole ocean freight situation.

But some German lines have gone much farther. The

German Levant Line and the German East African Line, in connection with the German state-owned railways, and doubtless through arrangements not unconnected with the actual subsidies received by those lines, publish thick and elaborate volumes giving through rates of freight, applying to shipments of various sizes from interior manufacturing points in Germany to ports in the Levant or in German Southeast Africa. Thus, a manufacturer of hosiery in Chemnitz knows exactly what the freight will be on a case containing, say, a hundred dozen stockings from Chemnitz to Beyrouth, Syria, and can prepay the through charge and secure a through bill of lading at his railway station in Chemnitz. It is the same with all principal German products from prominent inland towns to ports of any importance in the territories covered by the two lines named and for shipments of from 50 kilos (about 100 pounds) upwards. However, while convenient for reference, the rates do not impress one as being remarkably low and German trade, though growing, has not been developed in these directions at an abnormal rate. None the less so theoretically perfect a scheme has nowhere else been attempted.

The increase in our own country's foreign trade and the unfamiliarity with the old terms of the shipping trade on the part of many of our manufacturers and merchants, particularly in the interior where steamship agents have at times directly solicited business, together with the desire of some rail trunk lines to increase through foreign bill of lading traffic, have probably contributed to the harmonizing of ocean freight methods with those customary in this country.

The third factor that has tended to break down old methods is the rather acute competition in shipping to

Tariff of Freight from Bremen to New York.

A. For goods shipped by Mail steamers.

1st class, $ 2.50 per cubic meter.

Basket-ware, hollow glass and ordinary Bohemian glass-ware.

2nd class, $ 3.— per cubic meter.

Accordeons, Albums, enamelled hollow-ware, empty tin-boxes, artificial flowers and fancy feathers, hemp-bags, harmonicas, ordinary wooden-ware, furniture (Vienna bent), toys, crockery, straw-goods, earthen-pipes, earthen ware.

3rd class, $ 3.50 per cubic meter.

Beer, bitters, brandy, tin-goods, dried flowers and plants, brushes (ricestraw, piassava and from other vegetable materials, and wire-brushes), card-board, chromos, ordinary iron-ware, yarns, jute-ware, incandescent light-mantles, fine wooden-ware, paste-board, buttons, music-instruments (trumpets, drums and stringed instruments), oil-prints, wall-paper, polishing-paste, picture-postcards, clocks of the Black Forest and metal-clocks, Berlin wool, zinc-castings.

4th class, $ 5.— per cubic meter.

Essential oils, ribbons, cotton goods, amber, trimmings, buds, bulbs, books (printings and pamphlets), brushes, drugs, fine iron-ware, prepared skins (not destined for manufacturing furs) in cases and bales, fancy goods, curtains, fine glass-ware, rubber-goods, half-silks, gloves (glacé-gloves excluded), pianos, grocery, Berlin dry goods, preserves, corsets, crystal-ware, artificial-silk, hardware, leather in cases, leather goods, Linen goods, liquors, majolica-ware, machines, meerschaum, knives, metal-ware, furniture, music-boxes, organs, perfumeries, living plants, china-ware, lace-ware, scissors, hams, chocolate and chocolateware, hosiery, carpets, clothes, household-goods, wine in cases and casks, woollen goods, cigars and cigarettes, sweets.

5th class, $ 7.50 per cubic meter.

Apothecary goods, champaign, quinine, instruments (chirurgical, astronomical etc.), chemical salts, glacé-gloves, velvet-goods, silk-goods, laces, silk stockings, arms, sausages, periodicals.

6th class, $ 10.— per cubic meter.

Merchandise, manufactured goods, mode- and dress-articles, human hair.

B. For goods shipped by Express steamers.

The Freight for goods of the classes 1 to 5 of the foregoing tariff is $ 7.50, and for goods of class 6 $ 10.— per cubic meter.

Rates of freight for packages weighing more than 1000 kilos or of extraordinary dimensions, for dead-weight cargo, or for goods not mentioned in the above tariff, to be specially agreed.

The freight for parcels is 20 Pf. per cubic decimeter (ℳ 200.— per cubic meter), minimum ℳ 2.— per parcel.

Freight for paintings and objects of art, goldware and silverware, precious stones, ivory, jewellery, specie, precious metals and other articles of value will be charged according to their value. No bill of lading will be signed at a lower rate than $ 35.— per cubic meter. The value must be proved by consular invoice.

No bill of lading will be signed for less freight than $ 3.—

The above rates are understood to be net, without rebate or bonus.

Fr[illegible]—Freight Tariff from Bremen to New York

Extr[illegible] Norddeutscher Lloyd Company's handbook of information
bind[illegible]

China, Japan, the Philippines, and Australasia that existed prior to the recent rate advances and still exists from Middle Western points, between trans-continental rail lines in connection with Pacific steamers and direct steamship lines from New York. This severe competition may have influenced practices on the Atlantic seaboard as to ocean freight quotations, revising old practices to bring them on a par with the customary practices of the American railways.

Whatever may be the causes for changing methods in freight rates, classifications, and quotations, which it is clear are constantly growing, it should not be forgotten that there is as yet no uniformity in practice even so far as our own country is concerned. While it may be noted that although a finer classification of commodities shipped from England and Europe generally preceded any attempt at classification on this side of the Atlantic, classifications are now much the same, thanks to the influence of conferences. Yet, some American practices (per 100 pounds, for example) are not customary in other countries. As will be gathered from the accompanying rate sheets, the American shipper must be prepared to despatch his freight under a variety of terms and conditions.

3. Two Kinds of Rates

The modern exporter is dependent altogether upon steamship lines rather than upon tramp steamers, except in the case of certain bulk commodities like grain, coal, lumber, etc. His dependence on the liners will probably increase with the continued increase of our export trade in manufactured goods, especially as tramp ships, grow-

ing constantly in size, come to be more and more beyond the reach of the ordinary merchant. We have, therefore, to consider two kinds of ocean freight rates: (1) Those per hired, *i. e.*, chartered, vessel; and (2) those per liner, on small, less-than-cargo quantities, frequently referred to as "general cargo."

4. Shipments per Chartered Vessel

In chartering a vessel a shipper virtually leases it from its owners. He may do this in several different ways. He may charter the ship for the voyage, that is, for either a single or a round trip and to or from some definite port, or he may charter a vessel on time—for three months, six months, twelve months, or any other period. In trip charters the shipper usually agrees to pay a given price per ton on the cargo or in the case of grain the price may be per bushel, per hundred, or per quarter. If the vessel is chartered on time, the rate is usually so much per ton per month, based on the net register tonnage of the vessel, that tonnage, as we have already seen, being on the basis of 100 cubic feet to the ton, which is altogether different from the other forms of tons used in regard to cargo.

In trip charters the owner of the vessel usually pays all of the expenses of the operation of the ship, including even port charges, while the shipper pays nothing except the freight charges that have been agreed upon. In time charters a variety of conditions may apply, but ordinarily the owner of the ship supplies the crew and provides food and maintenance and keeps the ship in repair, while the charterer furnishes the fuel and pays the port and terminal charges.

Time charters are not favored by experienced shippers because of the risks which are assumed. Every delay at sea, every bad day in port, every strike, or detention in loading or discharging port, means just so much a day against the shipper.

Undoubtedly there are occasions when time charters may be considered by shippers cheaper or more desirable than trip charters. Engagements, naturally, always depend upon circumstances surrounding each special transaction. Nevertheless, a trip charter eliminates the element of risk from the calculations of a shipper. The trip charter is by long odds the more common form and usually is made for the outward trip only, the ship being surrendered to the control of its owners when unloaded at port of destination.

5. Charter Party

The document which forms the contract between the shipowner and the man who leases the ship is known as the Charter Party. There are scores of forms which these documents take, sometimes depending upon the choice of individual owners, sometimes following rules laid down by trade organizations, or otherwise, as applying to certain branches of commerce. For example, we have approved forms of grain charters devised by the New York Produce Exchange and other standard forms for coal, cotton, lumber, and other commodities.

Among the many clauses of the Charter Party, that relating to "lay days" should be noted. This refers to the time allowed to the charterer for either loading or unloading, sometimes both, but usually to the number of days allowed for loading. Ordinarily, these days are cal-

culated from 24 hours after the captain has given written notice to the charterer that the vessel is ready to load. These lay days are sometimes described as "running days" and sometimes as "working days," and there is a difference which it is important to observe. Running days are consecutive days, while working days are such as are usually devoted to work at the place where the vessel is loading, Sundays and public holidays being omitted. In most charter parties it is stipulated that a certain number of days' demurrage shall be allowed over and above the fixed number of lay days, on payment of a stated sum of so many pence per register ton per day. This is intended to compensate the owner for loss of wages, insurance, provisions, etc., when the vessel is delayed in its loading.

Sometimes it is agreed that "dispatch money" at a stated rate per day shall be paid, that is, that the charterer is to receive the sum stated for every day saved in loading, out of the number of lay days specified in the charter party. In the case of coal charters, it is frequently stipulated that a certain number of tons per day shall be loaded or discharged, or if not, that demurrage shall be paid. If the charterer is unable to ship as much cargo as the vessel is able to take, freight must nevertheless be paid on deficiency, or what is called "dead freight."

Freight is usually paid at the port of discharge but frequently it is paid in advance at the port of loading, depending partly on custom and partly on agreement. When paid abroad, the sum involved, in terms of English Sterling money, is usually reckoned at "the current rate of exchange for sight bills on London." The shipowner is bound to take proper care of the goods loaded on board

This Charter Party, made and concluded upon in the City of NEW YORK, the
day of in the year of our Lord one thousand nine hundred and
between Agents for Owners of the good
Steamship called the of
classed at Lloyds of the measurement of tons net register, or thereabouts
now of the first part
and of of the second part

Witnesseth, that the said party of the first part agrees on the freighting and chartering of the said steamer (with the exception of the cabin and necessary room for the crew, and the storage of provisions, sails, fuel and cables), or sufficient room for the cargo hereinafter mentioned, unto said party of the second part for a voyage from

or so near thereunto as she may safely get and there deliver her cargo on the terms following:

1 The said steamer shall be tight, staunch, strong and every way fitted for such a voyage, and receive on board during the aforesaid voyage, the merchandise hereinafter mentioned; and no goods or merchandise shall be laden on board otherwise than from the said party of the second part or Agent.

2. The said party of the second part doth engage to provide and furnish to said steamer a full and complete CARGO OF COAL

and to pay to said party of the first part, or Agent, for use of said vessel during the voyage aforesaid, shillings and pence per ton of 2,240 lbs. of Coal, Bill of Lading quantity, payable in British Sterling or its equivalent, at the rate of $4.80 to the £ Sterling, free of discount or interest, upon delivery of cargo. Charterers are not to be liable for freight on cargo lost or jettisoned.

3. Charterers to pay freight in New York upon delivery of the cargo at discharging port, less the amount required by Captain for disbursements at discharging port, which amount charterers agree to furnish Captain free of charge.

4. The act of God, restraint of Princes, Rulers, and people, fire and all and every other dangers and accidents of the seas, rivers and steam navigation of what nature and kind soever, riots, and strikes of pitmen, and all and every other unavoidable hindrances which may prevent the loading and delivery during the said voyage, always mutually excepted.

5. Cargo to be loaded and discharged in ( ) running days, Sundays and legal holidays excepted Lay days are to commence twenty-four hours after steamer's entry at Custom House both at loading and discharging ports, provided steamer then ready to load or discharge. Steamer to work at night if required.

6. Steamer to pay charterers or their agents despatch money at the rate of five cents United States gold per net register ton per day for each lay day not used.

7 Also, that for each and every day's detention by default of said party of the second part, or Agent, ten cents U. S. Gold per net register ton per day, day by day, shall be paid by said party of the second part, or Agent, to said party of the first part, or Agent.

8. Bills of Lading to be signed without prejudice to this Charter, but at not less than chartered rates.

9. Bunker coal to be supplied by charterers at dollars, U. S. gold, per ton of 2,240 lbs. trimmed into bunkers at Philadelphia or Baltimore, or dollars U. S. gold, per ton of 2,240 lbs. trimmed into bunkers at Norfolk or Newport News.

10. Steamer to be consigned to Charterers or their Agents at ports of loading and discharge, free of charge, and said Agents to load, trim, and discharge the entire cargo at Charterers' expense, they also paying all outward port charges, pilotages, etc., at loading port, and all inward port charges, pilotages, etc., at discharging port, both being incidental to this cargo. Steamer to pay the sum of (£) British Sterling to cover same. Steamer to provide steam winches, winchmen, gins and falls to run all winches simultaneously. The loading to be done under the supervision of the Master, but Charterers shall not be liable for improper stowage.

11. Steamer to have a lien upon the cargo for all freight, dead freight and demurrage, and all and every other sum, or sums of money which may become due the steamer under this charter.

12. It is also mutually agreed that this shipment is subject to all the terms and provisions of and all the exemptions from liability contained in the Act of Congress of the United States entitled "An Act relating to Navigation of Vessels, etc.," approved on the 13th day of February, 1893. Seaworthiness warranted only so far as ordinary care can provide, and owners are not liable for loss, detention, or damage arising from latent defects existing at the time of sailing. General Average, if any, to be settled according to York-Antwerp rules of 1890.

13. Lay days if required by Charterers, not to commence before 191 , and should the steamer not be ready for cargo at her loading port on or before noon 191 , the Charterers or their agents to have the option of cancelling this Charter Party at any time not later than the day of steamer's readiness.

14. Steamer to have liberty to tow and to be towed and to assist vessels in all situations, also to call at any port or ports for coals and/or other supplies.

15. The cargo or cargoes to be received and delivered alongside of the steamer, where she can load and discharge, always safely afloat within reach of her tackles; and lighterage, and also extra lighterage, if any, at the risk and expense of the cargo, but steamer guarantees to draw not more than feet on arrival at port of discharge, otherwise any lighterage necessary to lighten steamer to that draft to be for owners' account.

16. Steamer to load and discharge at such berth or berths as charterers may designate. If more than one berth be used at loading port or at discharging port, charterers to pay extra cost of shifting steamer, time used in shifting to count as lay days.

17. A commission of five per cent. on the amount of freight and demurrage is due by the Steamer and Owners on signing of this Charter Party, ship lost or not lost, charter cancelled or not cancelled, to W. W. BATTIE & CO.

18. To the true and faithful performance of all and every of the foregoing agreements, we, the said parties, do hereby bind ourselves, our heirs, executors, administrators and assigns, each to the other, in the penal sum of estimated amount of freight.

In Witness Whereof, we hereunto set our hands, the day and year first above written.

Witness to the signature of

Witness to the signature of

We Hereby Certify that the foregoing is a true and correct copy of the original Charter Party on file in our office.

Brokers.

Fig. 13.—Usual Form of a Coal Charter Party

of his vessel, the loading and stowage of the cargo usually being done by the crew. He is responsible for losses incurred through defective stowage or theft on board, but is not responsible for loss or damage to the cargo by sea water, storms or perils of the sea generally, for damage by fire or the consequences of deviation from the proper course of his voyage, when occasioned by the perils of the sea. These risks are covered by the insurance which the charterer secures for his own protection.

6. Charter Rates

Rates for freight paid under charters fluctuate widely and are competitive in the extreme. Thus, during March, 1912, the rate on grain from Baltimore to Liverpool ran from 4 pence per bushel on the first, up to 5 pence on the eleventh, gradually falling off and reaching 2¼ pence on the first of April. In 1900 the average rate on wheat, corn, and rye from New York to Liverpool was 11.81 cents per 100 pounds; in 1901 it was 4.38 cents per 100 pounds; in 1902, 5.03 cents; in 1904, 3.94 cents; in 1905, 5.69 cents; in 1906, 5.03 cents, etc. Perhaps the greatest regular charter traffic in the world is that in Welsh coals from Cardiff or Newport, Wales, to all parts of the world. In his annual report of the commerce of Wales for 1912, the American Consul at Cardiff included tables showing freight rates per ton to various ports with the highest and lowest rates for the year.[5] Extraordinary variations are to be noted in the course of a single twelve-month. The rate on coal from Cardiff to a port nearby, such as Copenhagen, translated into American money,

[5] Daily Consular and Trade Reports, September 11, 1913.

varied from $1.06 to $2.07 per ton. A variation of $1 a ton was also noticed in rates on shipments from Cardiff to St. Nazaire (not very far away on the French coast), while rates from Cardiff to ports on the River Plate ran from $3.52 up to $6.07 in the course of this one year.

Charter rates depend more intimately on supply and demand than perhaps any other prices that can be named. If, at a certain port, there is a cargo that must be moved immediately, a vessel lying unoccupied in that port can sometimes command a price two or three times greater than a vessel only five or six days' distant. On the other hand, if there are eight or ten vessels in port all seeking cargo, competition becomes intense and rates are cut. A vessel loses less in taking cargo at less than cost of operation than in lying idle for any considerable length of time. While, as we shall see, combinations among the regular steamship lines are now so common as to be almost universal, yet no combination among owners of tramp ships has ever been possible nor has any attempt at combination become effective.

The influence of the tramp ship plying for charter in full cargo shipments is none the less a strong corrective of any disposition that steamship lines or combinations of lines may manifest toward undue inflation of their rates. Profits of the liners do not come from small parcel freights. The backbone of their profits must always be those freights that are tendered in comparatively large quantities, and when the liner's rates are advanced too far the tramp ship is certain to come in and pick up a cargo or a combination of cargoes from several shippers. Shipping men have repeatedly testified that liners do not dare advance their rates to the point which they know would attract tramp shipowners, over whose operations

neither the regular liners nor anyone else can have the slightest control.

Shipowners claim that neither large nor small shippers are ever at the mercy of conference lines, because "If the rates exceed or even approximate the charter rate for tramp steamers, large shippers immediately protect themselves by the employment of tramps for the transportation of their shipments. Small individual shippers, who cannot accumulate merchandise in quantities sufficient to justify the chartering of tramp steamers, are at such times served by chartering brokers who are always ready, when rates by the regular lines advance to such a point that a profit can be made by chartering, to put chartered ships on the berth, themselves accumulating the shipments of numbers of small merchants, who by this means can always protect themselves against oppression."[6]

However, in the anti-trust suit of the United States against the Brazil Steamship Conference at the hearing of October 14, 1913, the government attorneys put in certain evidence to show that the competition of tramp steamers does not adequately control the regulation of rates. The figures were for the purpose of showing that the line steamer being able to load partly with general cargo and partly with rails, etc., obtains about twice the revenue for its space that can be obtained by tramp steamers carrying full cargoes of rails. Statistics from outward manifests, New York to all Brazilian ports served by the Hamburg Line's joint service, Prince Line,

[6] Report of the committee appointed by the representatives of steamship lines maintaining established services from New York to foreign countries, March 3, 1913, printed in Volume II of Proceedings of the Committee on the Merchant Marine and Fisheries in the investigation of shipping combinations, page 1363.

and the Lamport and Holt Line, showed that the total cargoes consisted of 40 per cent bulk and 60 per cent general. The average rate obtained for bulk was $.195 and for general $.27. Individual instances were cited in which the total freight revenue of a vessel averaged $.243 per cubic foot on all cargo, whereas if a steamer had been loaded with a full cargo of rails only as a tramp steamer, the income would have been only $.12. Other instances were shown substantiating these results.[7]

7. Forms of Charter Parties

The commonest forms of charter parties include:

(1) The Anglo-American Cotton Charter Party.—In this form freight is based upon the net tonnage of the vessel. The favorite form of this charter was originally that adopted by the Chamber of Shipping of the United Kingdom in July, 1895, but it has recently received numerous modifications.

(2) The Net Grain Charter Party.—By its terms the shipowner is paid an agreed sum per unit of weight of cargo, the charterer paying the ship's expenses at both loading and discharging ports.

(3) The "Pixpinus," or Chamber of Shipping Pitch Pine Charter.—This form takes its unique name from the telegraphic code word used to indicate it between ship brokers. It was adopted in 1898 for use in the United Kingdom or the European continent and on the Mediterranean Sea and is in extensive use on the Gulf coast of the United States. The rate of freight is named in shillings and pence per St. Petersburg standard hundred of

[7] New York Journal of Commerce, October 15-16, 1913.

165 cubic feet. As in a number of other charters, the number of lay days is determined by allowing 1¼ days for each 100 net register tons of the vessel. The shipowner pays all port charges and pilotage fees with certain exceptions that are noted.

(4) The Baltimore Berth Grain Charter Party.—The days allowed for loading a vessel are in this form restricted to five and it has the distinctive feature of providing that the charter party is exchanged for regular bills of lading and superseded by them when cargo is loaded and the ship ready to sail.

(5) "Cork for Orders" Charter Party.—Used in the Baltimore grain trade, this form includes the term "range," referring to a provision in the charter by which the loading port is not specified when the charter is signed. It requires the vessel to report at some specified place and there to receive orders as to where to proceed to load. The loading ports are limited to those within a certain range of coastline. This form provides also that the ship proceed from the loading port to Queenstown, Falmouth, or Plymouth, and there to receive orders as to final destination. Its name, "Cork for Orders," had origin in the fact that formerly Cork was the port named as the point where orders as to destination were to be received. Of late years the final destination of a vessel is almost always determined before the cargo is loaded and the ship is ordered from the loading port direct to its destination. Under this form of charter party the port charges are paid by the shipowner, whereas under the "net grain" form they are paid by the charterer.

(6) Berth Terms Grain Charter Party.—Used at New

Orleans, this is similar to that favored at Baltimore, but leaves the number of lay days open to agreement.

(7) Galveston Grain Charter Party.—This is similar to the "Cork for Orders" form, but provides that the vessel is to sail with sufficient coal only to carry her to Norfolk or Newport News, there to take only enough to run the ship to the western coast of Europe where, if the vessel is to continue to the Baltic Sea, another supply of coal must be obtained.

(8) Savannah Cotton Charter Party.—This is similar to the Anglo-American, with the exception of some minor provisions, but it does not definitely name the loading port. The vessel may be ordered to proceed for cargo to Fernandina, Brunswick, Savannah, Charleston, Wilmington, Norfolk, or Newport News.

(9) European Charter Party (Sail $2).—This form is used in the timber and lumber trade and is intended for contracts made with sailing vessels. There is a similar form for steamships which adopt the title "*Timber—Steam—$2 form—1897.*" Both forms are known as "$2" because of provisions requiring the shipowner to pay the charterer $2 for each 50 cubic feet of cargo, in consideration of the shipper paying expenses of stowing and port charges. There is a simple form used in the schooner trade of the Gulf coast, expressing the rate in dollars and cents per thousand feet. It also provides that lumber or timber shall be loaded from a wharf or lighters, preventing wet timber from rafts being made part of the cargo.

(10) Naval Stores Charter Party.—In this form the rate of freight is named in shillings and pence per 310 pounds of rosin or 40 gallons of spirits of turpentine or rosin oil, plus 5 per cent primage in both cases.

(11) Time Charter Party, West Indian Fruit Trade.—A feature of this charter as distinct from other time charters is the clause that "On account of the perishable nature of the cargoes that this steamer is intended to carry she is not allowed to stop to pick up any wreck or in any way assist or tow any vessel, especially when by so doing she is liable to be detained, only in order to save human life." According to the terms of this form the shipowner pays salaries and subsistence for the officers and crew, but the charterer furnishes the coal and pays the port charges. The freight charges are paid in advance every half month and the rate of exchange is stated at $4.85 as opposed to other rates ruling under other forms of charter party.[8]

A charter party is sometimes signed by an agent of the owner by telegraphic authority and the agent's name is usually inserted in the body of the document as agent for the owner.

The clause reading to the effect that the ship is "tight, strong, and in every way fitted for the voyage" is called the "warranty."

The exact port at which a vessel is to discharge need not necessarily be named in the charter party. Such phrases are common as "One safe port on the continent between Havre and Hamburg, both inclusive." In such cases the port of destination may be named before the vessel leaves the port of loading or, as has been explained, it may be instructed to call at a certain other port en route for orders.

A charterer may sublet a portion or the whole of the

[8] See *Ocean Freight Rates and Conditions Affecting Them*, by Frank Andrews, published in 1907 as Statistics Bulletin 67 of the Department of Agriculture, from which the above outline has been modified.

ship or he may transfer the charter to others, unless prohibited by the terms of the charter party. He may ship cargo for other persons at a higher or lower rate of freight than that specified in the charter party, but the total amount of freight stated on the bill of lading must equal the amount represented by the cargo, calculated at the rate of freight named in the charter party. When a ship has been sublet at a higher rate it may be necessary to make out the final bill of lading at a very low rate; that is, if three-quarters of the tonnage has been sold at a higher rate than that specified in the charter party, the remaining one-quarter may have to be noted on the bill of lading as taken at a very low price per ton in order to bring the sum total of the freight to that called for by the terms of the charter party.

8. Shipments of General Cargo

Shipments of less-than-cargo quantities are almost exclusively handled by the regular steamship lines. For the satisfactory carrying-on of general commerce the regularity of the liner is indispensable. Knowing exactly what he has to depend upon, the shipper can count, with reasonable certainty, on making contract deliveries at some definite date in the future or over a considerable period of time. He may even protect himself as to rates by making contract agreements with the shipping companies, but this practice is the exception and not the rule. The ordinary practice is for a shipper, when he has goods to go forward, to inquire of one or more companies for space and rates on the specified shipment he has to offer. In the past some large producers, manufacturers, and merchants or export commission houses, who know pretty well what tonnage they will have to offer for a

given market in the course of a year, have made contracts specifying rates to which they are to be entitled, and this is probably still done, especially as applying to certain commodities. Nevertheless, it remains necessary for the average shipper from New York, even for forwarding agents doing a regular and a large business, to inquire specifically for rates on a given shipment of a stated volume, and it is quite impossible to rely upon precedents.

Aside from variations due to the character of the commodities offered for transportation and their volume or weight, quoted freight rates depend upon lines and individual steamers of lines. These freight rates, it must always be understood, are determined upon and fixed by conference or agreements reached by the different lines which govern perhaps two-thirds of the "general cargo" shipments of the United States today. The rate on a given commodity to London or Liverpool may vary from 15 shillings per ton to 20 shillings or even 25 shillings, by ordinary steamers of various lines, up to 40 shillings, by such express boats as the Mauretania and Lusitania. At some other ports ruling rates of freight may be more freely quoted than at New York, at least for some trades. However, all freight destined for certain parts of the world must go from New York, and many of the sundry shipments naturally are routed via that port. For that reason, New York conditions are those of greatest interest and importance and a most extraordinary state of affairs prevails there.

9. Ocean Tariffs

The man familiar with railway traffic, only, will naturally be astonished to learn that no such thing as an ocean

freight tariff or commodity classification is to be had in New York governing, either officially or approximately, shipments to Europe, South Africa, Australia and New Zealand, China, Japan, and the Orient generally, or to Brazil and the River Plate. Yet such is the very fact. Tariffs exist, but they are jealously kept back of the counters in steamship offices. Never are they allowed outside of these offices and a shipper is rarely permitted a glance at them. Of course, an experienced shipper can guess that the rate on shoes to English ports will be 40 shillings per measurement ton by the Lusitania or Mauretania; perhaps 25 shillings by some slower Cunarders; and possibly 20 shillings by boats of some other lines; but this will be pure guesswork.

On actually booking the freight it may be found that the quantity tendered or some other consideration will considerably modify the rates formerly enjoyed. For this reason, an assumed rate is not apt to be the lowest available. In fact, such tariffs as exist are said to be more honored in the breach than in the observance. By the last phrase it is not intended to intimate that rates are cut, for emphatically the contrary condition prevails. It is, however, suspected that the actual minimum rate is available to large shippers only. Other reasons given as explaining the secrecy with which these New York shipping offices surround their tariffs include a wholesome fear of further Government suits and investigations and an intention on the part of the companies to discipline, if not eliminate, the forwarding agent. Whatever be the cause, it is a fact that tariffs and commodity classifications are not given out by the lines plying to those parts of the world mentioned. The only guides of this character of which New York can boast are the

weekly freight reports of some freight brokers, covering breadstuffs and provisions only, as shipped during the preceding week.

In contrast with this condition, certain lines running from New York to Central America and the West Indies publish elaborate books of rates and classifications, including even through rates to the west coast of South American ports, via transshipment over the Panama railroad, and thence by the regular steamship lines, touching west coast ports on the voyage south. A few pages from the tariff books of the United Fruit Company's steamship department will illustrate the fashion in which such freights are published. The allied lines—the Hamburg-American Atlas Service, the Royal Mail Steam Packet Company, and the United States Government Panama Steamship Company—publish tariffs similar to this.

Rate cards published by some of the steamship agents at Baltimore, Newport News, New Orleans, and some other ports serve chiefly to emphasize the lack of any scientific or uniform basis for the establishment of rates and the exceedingly limited variety of commodities commonly handled by lines from such ports. For years past some of the companies on the Pacific coast have published more complete tariff schedules, possibly because all of them work in very close connection with some of the great railway systems. Specimens of some of these published tariffs accompany this chapter, together with rate tables submitted in evidence to the Committee of the House of Representatives, which spent the early part of 1913 in investigating shipping combinations. These are all to give an idea of what rates may be and how they have been assessed and are not guides to actual ruling figures or practices.

On pages 136 and 137 are shown freight rates of the Royal Mail Steam Packet Company by steamer from New York to Colon; thence by railroad across the isthmus to Panama; and thence by associated steamship lines on the west coast.

On pages 139, 140 and 141 are shown freight rates of the Pacific Mail Steamship Company from San Francisco to Hawaii and the Far East.

10. Fluctuations in Rates

Although on some routes, for example, the Caribbean lines, trade is based on fixed tariffs that are subject to few fluctuations, a considerable part of the big and busy North Atlantic trade is done on rates that fluctuate constantly. This is one of the possible explanations of the secrecy maintained as to some tariffs.

Fluctuations in ocean freight rates are sometimes, even in these days of conferences and agreements among the steamship lines, due to ordinary laws of supply and demand. It must be acknowledged that competition among lines still continues, for all the shipping lines of the world are not as yet embraced in agreements, and all agreements are periodically broken. In the trade to Porto Rico, for example, (an exception in the Caribbean territory), there had been several lines soliciting freights in very active competition; normal rates were cut during 1913, indeed up to the combination of two of the lines in the spring of 1914, until the normal rates were subject to a discount of 70 per cent.

Foreign buying, especially in the grain trade, may cause great fluctuations in freight rates from New York. It may be that at one time freight room for the continent goes begging at extremely low prices. A week

RULES AND REGULATIONS

Item 1

PREPAYMENT OF FREIGHT CHARGES

KINGSTON

Freight and charges are payable at New York or Kingston at shippers option, except on Specie, Valuables, Perishable Goods and Live Stock, which must be prepaid.

OUTPORTS

Freight and charges to Jamaica Outports must be prepaid.

Item 2

PRIMAGE

Rates to Kingston bear 10% primage, unless otherwise specified; rates to Jamaica Outports are *net*.

Item 3

COMMODITY RATES TO GOVERN REGARDLESS OF CLASS RATES

Commodity rates takes precedence over class rates whether higher or lower as the case may be.

Item 4

PARCEL RECEIPTS

KINGSTON

Parcel Receipts, value limited to $5.00 each, will be issued to Kingston at $1.00 for the first cubic foot or fraction thereof, and $.50 for each additional cubic foot or fraction thereof up to 9 cubic feet.

OUTPORTS

Parcel Receipts, value limited to $5.00 each, will be issued to Jamaica Outports at $1.40 for the first cubic foot or fraction thereof, and $.70 for each additional cubic foot or fraction thereof up to 9 cubic feet.

Item 5

PACKAGES CONTAINING ARTICLES OF MORE THAN ONE CLASS

Packages containing articles of more than one class will be charged at the tariff rate for the highest class article contained therein.

Item 6

MINIMUM CHARGE

Kingston—$5.00
Outports—$7.00

Item 7

OWNER'S RISK

Oils and other liquids are taken only at owner's risk of leakage. Glassware, crockery and all fragile property concealed in packages, only at owner's risk of breakage.

Perishable property only at owner's risk of frost, heat and decay.

Deck cargo only at owner's risk.

Item 8

STRAPPING AND SEALING CASES OF BOOTS, SHOES, WINES, LIQUORS, CIGARS AND CIGARETTES

Shipments of boots, shoes, wines, liquors, cigars or cigarettes in cases, will not be accepted for transportation unless the cases, said to contain such goods, are protected by Giardon Clip, metal straps or wires secured by lead seals at the ends, or some equally effective device.

Item 9

PACKAGES EXCEEDING $100.00 IN VALUE

Packages on which the valuation is declared on Shipping Receipts and Bills of Lading at time of shipment to be in excess of $100.00 each, shall be charged at tariff rates plus ½% of value declared to Kingston, and ¾% to Outports, excepting articles ac ad valorem rates, which shall pay only Tariff rates.

Item 10

RESTRICTIONS TO JAMAICA OUTPORTS

Live Stock, deck cargo and explosives will not be accepted for carriage on through Bills of Lading to Jamaica Outports via Kingston.

Item 11

MARINE INSURANCE

Rates published herein do not include Marine Insurance.

Item 12

REFINED PETROLEUM

Refined petroleum taken only when put up in packages, and marked as required by United States Law.

Item 13

HEAVY OR BULKY PACKAGES OR PIECES

Rates published in this tariff to Kingston will only apply on packages or pieces the weight of which does not exceed 4,480 pounds each.

Heavy Packages or Pieces weighing 4,480 pounds or over, will be subject to the following charges in addition to rates published herein:

WEIGHT	If Freighted at Measurement	If Freighted at weight
Packages or Pieces over 2 tons, but not over 4 tons each	$.06 per cubic foot	$.18 per 100 pounds
" " " 4 " " " " 5 " "	.09 "	.24 "
" " " 5 " " " " 6 " "	.12 "	.30 "
" " " 6 " " " " 7 " "	.15 "	.36 "
" " " 7 " " " " 8 " "	.18 "	.42 "
" " " 8 " " " " 9 " "	.21 "	.48 "
" " " 9 " " " " 10 " "	.24 "	.54 "
" " " 10 " " " " 11 " "	.27 "	.60 "
" " " 11 " " " " 12 " "	.30 "	.66 "
" " " 12 "	Special	Special

Above rates include lifting charges. Heavy packages for Outports accepted only by special arrangement

FIG. 14.—Reproductions from United Fruit Company's Freight Tariff to Jamaica

o. 14

CLASS RATES

(Per cubic foot or per 100 pounds at carrier's option, except as otherwise noted.)

TO	DD	D	1	2	3	4
on	3 cents per lb.	36 cts. per cu. ft. 70 cts. per 100 lbs	24 cts. per cu. ft. 50 cts. per 100 lbs	18 cts. per cu. ft. 40 cts. per 100 lbs	15 cts. per cu. ft. 33 cts. per 100 lbs	10½ cts. per cu.ft. 26 cts. per 100 lbs
rts	3½ cents per lb.	40 cts. per cu. ft. 78 cts. per 100 lbs	28 cts. per cu. ft. 58 cts. per 100 lbs	22 cts. per cu. ft. 48 cts. per 100 lbs	19 cts. per cu. ft. 41 cts. per 100 lbs	14½ cts. per cu.ft. 34 cts. per 100 lbs

lo. 15

COMMODITY RATES

COMMODITY		PER	RATE: To Kingston (Plus 10% primage except as noted)	RATE: To Outports (Net)
ltum		100 lbs.	$ .15	$ .23½
empty, old returned		cubic foot	.06	.09
, in bags or barrels		100 lbs.	.20	.27½
, common, dried		100 lbs.	.20	.27½
ts, in barrels		cubic foot	.06	.08½
, building, bath or fire, in packages		100 lbs.	.22	.30
m, carbide of		cubic foot	.25	.40
idges (safety)		100 lbs.	.75	1.00
idge Shells, (capped)		100 lbs.	.75	1.00
nt, building, in single bags		100 lbs.	*.19	*.26
me, in double bags		100 lbs.	*.16	*.23
me, in barrels		100 lbs.	*.18	*.23
, fire		100 lbs.	.22	.30
, in bags		100 lbs.	.22	.30
, in bags		cubic foot	.06	.09
, in bags or barrels		100 lbs.	.20	.27½
kers, in barrels		cubic foot	.06	.08½
fstones		100 lbs.	.20	.28
pty bags, old		cubic foot	.06	.09
pty packages, (old) all kinds, see packages empty.				
pty packages, (new) all kinds, see packages empty.				
dstuffs, viz:				
ixed Heavy				
Barley feed Corn flour Corn meal Corn Oil meal Cotton seed meal Cotton seed cake Gluten feed from Glucose Co. Gluten meal from Glucose Co. Grits Hominy Hominy feed Linseed oil meal Maize Futter Maizena Futter Oat Meal Oil cake Rye feed Rye	In bags In barrels	100 lbs. 100 lbs.	.20 .25	.27½ .32½
ran orn feed ulled Oat meal at feed unlower feed ice bran ice polish olled Oats heat	In bags In barrels	100 lbs. 100 lbs.	.25 .30	.32½ .37½
Alfalfa feed Cleveland Linseed meal Dried Brewer's grains Dried Distiller's grains Gluten feed from Breweries and Distilleries Ground Rice Hulls (Machine compressed) Huskmeals (Machine compressed) Middlings Mustard seed cake	In bags In barrels	100 lbs. 100 lbs.	.30 .35	.37½ .42½

*In lots of 100 tons or over 2½c. per 100 pounds less

Fig. 14.—Continued

Item No. 15—Continued. COMMODITY RATES—Continued.

COMMODITY		PER	RATE: To Kingston (plus 10%, primage except as noted)	RATE: To Outports (Net)
Feedstuffs, viz:—Continued.				
Extra Light				
Alfalfa meal	In bags	100 lbs.	$ .35	$ .42½
Cerealine	In barrels	100 lbs.	.40	.47½
Cob meal				
Corn flakes				
Cottonseed hulls				
Ground rice hulls (Uncompressed)				
Malt sprouts				
Quick Malt				
Sugar beet feed				
Fertilizer, in bags		100 lbs.	.18	.26
Same, in bbls. or casks		100 lbs.	.20	.28
Flour (Wheat), in bags or barrels		100 lbs.	.20	.27½
Hay, in compressed bales		100 lbs.	.35	.50
Iron, scrap		100 lbs.	.32	.42
Iron and Steel, viz:				
Bar				
Bloom				
Billets				
Corrugated				
Galvanized				
Gutters				
Hoops				
Nails		100 lbs. or cubic foot steamer's option	.22	.30
Pig				
Plate			.10½	.14½
Ridging				
Rod				
Sheet				
Sleepers				
Tanks				
Wire Netting				
Lumber, not exceeding 20 feet		1000 Sup. ft	6.50 (net)	8.50
Same, over 20 feet and up to 30 feet		1000 Sup. ft	8.00 (net)	10.00
Same, over 30 feet		——	Special	Special
Moulds, sugar		100 lbs.	.25	.32½
Oats, in bags or barrels		100 lbs.	.20	.32½
Packages, empty (old) all kinds		cubic foot	.06	.07
Packages, empty (new) all kinds		cubic foot	.09	.12
Packing House Products		100 lbs.	.25	.32½
Paper, (fruit tissue)		cubic foot	.07 (net)	.09
Paper, printing, in rolls		100 lbs.	.27½ (net)	——
Peas, dried		100 lbs.	.20	.27½
Piling, creosoted, not exceeding 30 feet		Per running foot	.30	.34
Rails and Accessories		100 lbs.	.19	——
Rice		100 lbs.	.17½	.27½
Rye, in bags or barrels		100 lbs.	.20	.27½
Salt, common		100 lbs.	.16	.24
Shingles		cubic foot	.06 (net)	.10
Shooks, viz:				
Coffee barrel		cubic foot	.05 (net)	.07
Orange barrel		cubic foot	.05 (net)	.07
Orange box		cubic foot	.05 (net)	.07
Puncheon or Hogshead		cubic foot	.06 (net)	.08
Specie		Ad Val	¼% (net)	¼% (net)
Sugar		100 lbs.	.25	.32½
Wheat, in bags or barrels		100 lbs.	.20	.27½

FIG. 14.—Continued

FURNESS, WITHY & CO., Ltd., Agents.
From NEWPORT NEWS AND NORFOLK, VA.
Schedule of Rates for week ending Aug. 2, 1913. subject to withdrawal at any time.

	LIVERPOOL	LONDON
Bark Extract	18	20
Boat Oars	12/6 ① meas	12/6 meas
Bran (Compressed)	25	30
Cereals (Quaker Oats, Rolled Oats, Grape Nuts and all other Breakfast Foods in cases or other packages *except bags or barrels.*	10/- meas	10/- meas
Cereals. In bags or barrels	22½	25
Corn Syrup	18	20
Cotton (Compressed)	35	—
Cotton Seed Meal.	18	20
Doors, crated (otherwise owners risk)	25	30
Flour, Meal and Starch (in bags)	18	20
Flour (in barrels)	23	25
Grape Sugar	18	20
Hair (compressed in bales)	40/- wt	40/-
Hops (dock delivery)	80	80
Hops (warehouse delivery)	90	89
Logs—Oak, Hickory, Walnut	27	27
" Poplar	37	37
Lumber—Oak, Hickory, Ash, Walnut	26	26
" " 2" and over	22½	22½
" Poplar	32	32
Boards 18" and over in width take 50% extra rate		
Oatmeal (in bags)	18	20
Oil (Cotton Seed, Red, Corn)	4/- (bbl)	5/- (bbl)
Oil (Lubricating)	3/6	—4/-
Oil Cake.	18	20
Provisions (large packages)	20/-	21/6
" (small packages)	25/-	26/6
Seeds—Clover (In double sacks)	25½	25½
" Timothy (In double sacks)	28	28
" 14 lbs (In double sacks)	39	39
" 24 lbs (In double sacks)	34	34
Tobacco (in hh)ds	38	38
" Kings Warehouse	—	41
Wax (in barrels)	17/6	20/-
Flour, Aug. West	18	20

When ocean freight is prepaid, $4.86 U. S. gold is equivalent to one pound sterling.

Rates in cents are per 100 lbs. Rates in sterling, unless otherwise specified, are per 2240 lbs., and 5% primage must be added.

Engagements must only be made subject to our confirmation.

①12/6=12 shillings, 6 pence.

FIG. 15.—Virginia Line Freight Rates from Newport News and Norfolk to Liverpool and London

Item 19

CLASS RATES

PER CUBIC FOOT OR PER 100 POUNDS AT CARRIER'S OPTION

PORTS	VALUABLES	DD	D	1	2	3	4
*Buenaventura, Col. *Tumaco, " *Esmeraldas, Ecu. *Bahia, " *Manta, "	60 cts. cub. ft. $1.09 100 lbs. or 2½%	$1.20 cub. ft. 2.18 100 lbs.	60 cts. cub. ft. $1.09 100 lbs.	52 cts. cub. ft. 94 cts. 100 lbs.	39 cts. cub. ft. 72 cts. 100 lbs.	36 cts. cub. ft. 66 cts. 100 lbs.	30 cts. cub. ft. 55 cts. 100 lbs.
*Puerto Bolivar, Ecu. *Guayaquil, "	67 cts. cub. ft. $1.19 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	47 cts. cub. ft. 85 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	28 cts. cub. ft. 51 cts. 100 lbs.	23 cts. cub. ft. 42 cts. 100 lbs.
†Lobitos, Peru †Huanchaco, " †Supe, "	62 cts. cub. ft. $1.12 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	45 cts. cub. ft. 82 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	27 cts. cub. ft. 49 cts. 100 lbs.	18 cts. cub. ft. 32 cts. 100 lbs.
Payta, Peru Eten, " Pacasmayo, " Salaverry, " Pisco, "	67 cts. cub. ft. $1.19 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	50 cts. cub. ft. 91 cts. 100 lbs.	42 cts. cub. ft. 76 cts. 100 lbs.	32 cts. cub. ft. 57 cts. 100 lbs.	23 cts. cub. ft. 42 cts. 100 lbs.
†Chimbote, Peru †Samanco, " †Casma, " †Huacho, " †Tumbes, " †Huarmey, " †Chancay, "	62 cts. cub. ft. $1.12 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	45 cts. cub. ft. 82 cts. 100 lbs.	42 cts. cub. ft. 76 cts. 100 lbs.	38 cts. cub. ft. 70 cts. 100 lbs.	28 cts. cub. ft. 51 cts. 100 lbs.
Callao, Peru	57 cts. cub. ft. $1.03 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	47 cts. cub. ft. 85 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	25 cts. cub. ft. 45 cts. 100 lbs.	18 cts. cub. ft. 32 cts. 100 lbs.
†Cerro Azul, Peru †Lomas, " †Chala, " †Quilca, " †Tambo de Mora, "	52 cts. cub. ft. 94 cts. 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	45 cts. cub. ft. 82 cts. 100 lbs.	42 cts. cub. ft. 76 cts. 100 lbs.	38 cts. cub. ft. 70 cts. 100 lbs.	28 cts. cub. ft. 51 cts. 100 lbs.
Mollendo, Peru Ilo, "	57 cts. cub. ft. $1.03 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	48 cts. cub. ft. 88 cts. 100 lbs.	38 cts. cub. ft. 70 cts. 100 lbs.	25 cts. cub. ft. 45 cts. 100 lbs.	20 cts. cub. ft. 36 cts. 100 lbs.
†Talara, Peru	62 cts. cub. ft. $1.12 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	45 cts. cub. ft. 82 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	27 cts. cub. ft. 49 cts. 100 lbs.	18 cts. cub. ft. 32 cts. 100 lbs.
Arica, Chile	57 cts. cub. ft. $1.03 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	47 cts. cub. ft. 85 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	25 cts. cub. ft. 45 cts. 100 lbs.	20 cts. cub. ft. 36 cts. 100 lbs.
Pisagua, Chile Tocopilla, " Taltal, "	57 cts. cub. ft. $1.03 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	47 cts. cub. ft. 85 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	27 cts. cub. ft. 49 cts. 100 lbs.	18 cts. cub. ft. 33 cts. 100 lbs.
Iquique, Chile Valparaiso, " Talcahuano, "	57 cts. cub. ft. $1.03 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	45 cts. cub. ft. 82 cts. 100 lbs.	35 cts. cub. ft. 64 cts. 100 lbs.	22 cts. cub. ft. 39 cts. 100 lbs.	18 cts. cub. ft. 33 cts. 100 lbs.
Antofagasta, Chile Chanaral, "	57 cts. cub. ft. $1.03 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	47 cts. cub. ft. 85 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	23 cts. cub. ft. 42 cts. 100 lbs.	18 cts. cub. ft. 33 cts. 100 lbs.
Caldera, Chile Coquimbo, " Coronel, " Corral, "	57 cts. cub. ft. $1.03 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	45 cts. cub. ft. 82 cts. 100 lbs.	35 cts. cub. ft. 64 cts. 100 lbs.	25 cts. cub. ft. 45 cts. 100 lbs.	18 cts. cub. ft. 33 cts. 100 lbs.
Huasco, Chile	57 cts. cub. ft. $1.03 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	50 cts. cub. ft. 91 cts. 100 lbs.	42 cts. cub. ft. 76 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	27 cts. cub. ft. 49 cts. 100 lbs.
Mejillones, Chile	52 cts. cub. ft. 94 cts. 100 lbs. or 2½%	$1.33 cub. ft. 2.38 100 lbs.	67 cts. cub. ft. $1.19 100 lbs.	47 cts. cub. ft. 85 cts. 100 lbs.	37 cts. cub. ft. 67 cts. 100 lbs.	27 cts. cub. ft. 49 cts. 100 lbs.	18 cts. cub. ft. 33 cts. 100 lbs.
Lebu, Chile Puerto Montt, " Ancud, " Punta Arenas, " Los Vilos, "	63 cts. cub. ft. $1.14 100 lbs. or 2½%	$1.46 cub. ft. 2.62 100 lbs.	80 cts. cub. ft. $1.44 100 lbs.	53 cts. cub. ft. 96 cts. 100 lbs.	46 cts. cub. ft. 83 cts. 100 lbs.	33 cts. cub. ft. 61 cts. 100 lbs.	31 cts. cub. ft. 58 cts. 100 lbs.

* See Item No. 17.
† Minor Peruvian Ports, See Item No. 9.

Fig. 16.—Reproductions from Tariffs of Royal Mail Steam Packet Co. from New York Applying to Through Bills of Lading Transshipping at Colon

Item 20

CLASSIFICATION

A

	CLASS
Accordions	2
Acid, Acetic (Wood Vinegar)	3
" " (Glacial)	D
" Boracic	1
" Boric	1
" Carbolic (Liquid)	D
" Carbolic (Crystals)	1
" Carbonic	1
" Citric	1
" Lactic	1
" Muriatic	D
" Nitric	D
" Oxalic	1
" Salicylic	1
" Sulphuric	D
" Tartaric	1
Acidgras	3
Advertising Matter	3
Aeroplanes	4
Agricultural Machinery (See Item 18-c)	3
Alabaster Ware	1
Alabaster (Unworked)	3
Albums	1
Alcohol (up to 95%)	1
" (over 95%)	DD
Almanacs (Common)	3
" N. O. S.	1
Alum	3
Aluminum Ware	1
Amber (Unmanufactured)	1
Ammonia, Acetate	1
" Anhydrous	D
" Carbonate and Lump	1
" Chloride	1
" Hydrochlorate (Crystals)	1
" " (Liquid)	D
" Liquid	D
" Muriate	1
" Scrubbs	1
" Sulphate	3
Anchors	3
Aniline Dyes	1
Aniseed	3
Annato	1
Antichlore	3
Antimony	2
Anvils	3
Apenta Water	3
Apothecary Wares, N. O. S.	1
Apparel (excepting Silk)	1
Arms	1
Arsenic	1
Artichokes	2
Asbestos	1
" Blocks	3
" Boiler and Pipe Covering	3
Asphalt	3
" Powder	3
Automobiles	2
Axes	2
Axles	4
Axle Boxes	3

B

	CLASS
Babbitt Metal	1
Bags and Bagging (Jute)	3
" Canvas	3
" and Labels (Paper)	3
Baize	1
Baizes (Oil)	2
Balances (Nickel or Copper)	1
Banknotes (Unsigned)	V
Barley	2
Barrels (Aluminum)	3
Barytes	4
Basinettes	2
Basket Ware	3
Bath Tubs	3
Bats	2
Battery Cells	2
Beads	1
Beads (Common)	3
Beans	6
Beds (Feather)	2
Bedsteads Angles	4
" (Brass)	2
" (Iron)	3
Bee Hives	3
Beef, in barrels and half barrels (by weight)	1
Beer	3
" Coloring	3
" in iron casks (by weight)	3
Bellows (Hand)	2
" (Smith's)	3
Bells, N. O. S.	2
" Brass, or Brassware	1
Belts and Belting (Cotton and Leather)	1
Bi-Chromate of Potash	3
Bicycles and Parts	2
Billiard Tables	2
Binders	3
Bird Cages	3
Biscuits	2
Bitters	2
Bitumastic Solution	1
Blacking	3
Black Lead	3
Blankets	2
Bleaching Powder	1
Blinds	2
Blind Rollers	3
Blocks and Pulleys	3
" of Cement, Glass, Stone, Earthenware, Marble	3
Blue Vitriol	3
" (Washing)	3
Boats (not exceeding 20 ft.)	3
Boilers and Accessories	2
Boiler Composition	2
Boiler Tubes (other than Brass)	3
Bolts and Nuts	3
Bone Ash	3
Bonnets, Straw (Untrimmed)	3
Books, N. O. S.	1
Bookbinders' Materials	1
Boots and Shoes	1
Borax (Refined)	1
" (Unrefined)	2
Bottles, Common (empty) and Bottle Caps (See Item 18-c)	4
Bottles (Thermos)	2
Bowling Alleys	3
Box Boards	3
Box Irons	3
Brake Shoes	3
Brandy	2
Brass Kettles	2
Brassware, N. O. S.	1
Brattice Cloth	2
Brewers Chips	3
Brick Baker	3
Bricks, Common (See Item 18-c)	4
" Bath	3
Britannia Metal Goods	2
Bronze Ware	1
" Wire	1
Brooms	3
Brushes (Common)	3
" (Fine)	1
Buckets (See Item 18-c)	3
Buckles (Common)	3
" (Fine)	1
Buffers (Railway)	3
Bulbs	2
Burlaps	3
Butter and Butterine, in cases (by weight)	2
Butter Workers	3
Buttons	1

C

	CLASS
Cabinet Ware	2
Cables (Electric)	1
Calcium Carbide	2
" Chloride	3
" Phosphide	D
" Sulphate	4
" Sulphide	1
Camphor (on deck)	1
Candles and Candlewick	3
" (Xmas tree)	2
Cane	3
Canes (Walking)	1
Canned Goods (except Canned Meats)	2
Canned Meats, in cases (by weight)	1
Canvas	1

FIG. 16.—Continued

later, export buying may amount to little short of frenzy. Corresponding demands for freight room result and force the ocean rates up to perhaps double those which prevailed before the excitement on the floor of the Produce Exchange. In such instances the law of supply and demand practically controls the ocean freight rates.

As a rule, it is not to be denied that trans-oceanic freights, particularly in what are known as the long voyage trades, are much lower in proportion to the length of the voyage than are the rates charged in the coastwise service of the United States. Figure 17 sets forth the current coastwise and foreign rates on certain classes of commodities carried in their respective trades as they were supplied in March, 1913, to the Committee

Commodities	Rates in Cents per 100 Pounds From New York to							
	Wilmington 550 miles	Charleston 650 miles	Savannah 700 miles	New Orleans 1,700 miles	Galveston 1,900 miles	Argentine Ports 6,000 miles	Cape Town 7,000 miles	Shanghai 12,500 miles
Dry Goods	50	57	57	70	55	176½	120	60
Canned Goods ...	15	15	15	15	15	79½	42	58
Hardware	40	47	47	50	63	79½	42	58
Plows	15	19	19	35	25	49½	42	58
Other Agriculturals	15	19	19	35	25	80	55	93
Barrel Oil	20	15	15	25	20	60½	51	45
Kerosene	(1)	(1)	(1)	35	32	36½	27	58

[1] Prohibited.

Fig. 17.—Current Commodity Rates Applicable from New York to Coastwise Ports Compared with Those to Foreign Ports

PACIFIC MAIL STEAMSHIP COMPANY

TRANS-PACIFIC FREIGHT TARIFF NO. 16

EFFECTIVE JANUARY 1, 1913

SUPERSEDES FREIGHT TARIFF No. 15 AND PREVIOUS ISSUES

RATES OF FREIGHT

FROM

SAN FRANCISCO

TO

HONOLULU

AND

apan, China, Korea, Siberia, Philippine Islands, India, East Indian Ports, Straits Settlements, Etc.

RATES AND CONDITIONS SUBJECT TO CHANGE WITHOUT NOTICE

P. SCHWERIN,
Vice President and General Manager.

A. M. GARLAND,
Freight Traffic Manager

PACIFIC MAIL STEAMSHIP COMPANY

JAMES FLOOD BUILDING SAN FRANCISCO, CAL.

ISSUED DECEMBER 20 1912

. 18.—Reproduction from Pacific Mail Steamship Company's Trans-Pacific Tariffs

Item No.	FROM SAN FRANCISCO	How Taken	TO Yokohama, Kobe, Nagasaki and Hong Kong and Manila by direct steamer
	Freight payable in U. S. Gold Coin. Except as otherwise provided, rates are per ton of 40 cubic feet when taken by measurement, or 2,000 lbs. when taken by weight.		
1	Ale, Beer, Porter and Mineral or Charged Waters, in glass	Weight	$10.00
2	Agricultural Implements, K. D., inc Shovels, Spades, Scoops and Scrapers, in packages	Weight	11.00
3	Apples in boxes	Meast.	6.00
4	Arsenic, Crude or White, in kegs	Weight	5.00
5	Asphalt, in bbls., quality guaranteed not to run, or in Iron Drums	Weight	8.00
6	Automobiles (completely boxed or crated), at Owner's risk	Meast.	12.00
7	Bark, Tan, ground, in sacks	Weight	10.00
8	Bark, Extract, in barrels	Meast.	10.00
9	Barley, in bags	Weight	5.50
10	Barrels or Iron Drums, Empty, Returned	Meast.	4.00
11	Beans, Dried, in sacks	Weight	10.00
12	Bicycles, Bicycle Parts, and Motorcycles, boxed or crated	Weight	20.00
13	*Boilers	Same as Machinery	
14	Boots, Shoes and Rubbers, in cases	Weight	12.00
15	Bran, in bags	Weight	10.00
16	Bricks, Common Red	Weight	6.00
17	Calcium Carbide, (in iron drums) when specially arranged for	Weight	46.00
18	Canned Goods, viz.: Fish, Fruits, Meats, Preserves, Vegetables, Syrup, Honey, and Condensed Milk in cases	Weight	9.00
19	Car Wheels on Axles	Weight	5.00
20	Cars K. D. and Car Material, N. O. S	Weight	7.00
21	Cartridges, Shotgun or Rifle, Gun Caps, Powder and Unloaded Shells for Firearms	Weight	20.00
22	Cement, in barrels or sacks	Weight	5.00
23	Cigarettes, in cases	Weight	7.00
24	Cigarette Holders, in cases	Weight	12.00
25	Coffee, Green, in bags	Weight	12.00
26	Coke, in sacks	Weight	12.50
27	Copper, Bar or Ingot	Weight	5.00
28	Cotton Bags in bales	Meast.	4.00
29	Cotton Piece Goods, in bales or cases	Weight	7.00
30	Cotton, Raw, Machine Compressed to not less than 20 lbs. per cu. ft. (Square or Round), in bales	Weight	8.00
31	Cotton, Raw, Uncompressed, in bales	Weight	13.00
32	Cotton Waste, in bales	Weight	8.00
33	Crackers, Edible, N. O. S. in cases	Meast.	8.00
34	Doors and Unglazed Sash	Meast.	7.00
35	Electrical Supplies N. O. S. (Including Transformers, but Exclusive of Machinery) in pkgs	Weight	11.00
36	Felt or Paper, Roofing and Building, and Fixtures	Meast.	7.50
37	Fertilizer N. O. S., guaranteed inodorous, in sacks	Wt. or Meast. S/O.	5.00
38	Fire Clay, Brick, Tile, Terra Cotta, Sewer Pipe	Wt. or Meast. S/O.	6.00
39	Fire Clay, Gas Retorts and Fire Brick Retort Settings	Wt. or Meast. S/O.	7.00
40	Fish, Dried or Salted, in bags, cases or bbls	Wt. or Meast. S/O.	8.00
41	Fish, Pickled, in barrels or half barrels	Weight	8.50
42	Flour, in barrels or sacks	Special	
43	Fruit, Dried, in cases, or in tins boxed	Meast.	10.00
44	Ginseng, in casks or barrels, iron strapped	Weight	40.00
45	Glass, Old, in barrels or boxes	Weight	8.00
46	Globes, Arc Light and Incandescent Lamp, O. R. B., in barrels or cases	Weight	20.00
47	Grain, N. O. S., in bags	Weight	8.00
48	Hair, Compressed, in bales	Weight	10.00
49	Hay, in bales, Double Compressed 18 lbs. per cu. ft. or over	Meast.	6.00
50	Hides, Dried Compressed, in bales	Weight	10.00
51	Hides, Green Salted, guaranteed inodorous, in bales or bundles	Weight	7.00
52	Hoofs, Horns and Bleached Bones (not human), in boxes or bags	Wt. or Meast. S/O.	4.00
53	Human Bones, in cases, per single remains		5.00
54	Human Bones, in cases, Chinese	Meast.	20.00
55	Hops, in bales	Meast.	7.00
56	Horseshoes and Nails (Old), in barrels or boxes	Weight	5.00
57	Household Goods, including Furniture, Books and Personal Effects, released to $10.00 per 100 lbs. and bill of lading so claused (Not released, double rates to be applied)	Wt. or Meast.	10.00

FIG. 18.—Continued

ARBITRARIES ON GENERAL CARGO
BEYOND
ASIATIC COMMON POINTS

Rates are in Gold; per 40 cu. ft. or 2,000 lbs., ship's option, and will apply on single packages up 2,000 lbs. except as particularly provided for in foot-notes.

APPLYING VIA YOKOHAMA, JAPAN

Rates include transhipping charges at Yokohama.
The arbitraries shown below will apply on Ordinary Cargo.

PORT	Arbitrary	Minimum Charge from Yokohama	PORT	Arbitrary	Minimum Charge from Yokohama	PORT	Arbitrary	Minimum Charge from Yokohama
Hakodate.....Japan	$3.50	$1.00	Ogimohama.....Japan	$2.00	$1.00	Tokyo.....Japan	$0.75	$0.75
Kamesuna.....Japan	3.50	1.00	Otaru.....Japan	4.50	1.00	Yokaichi.....Japan	1.00	1.00
Numoro.....Japan	5.50	1.00				Yokosuka.....Japan	1.00	1.00

RATES ON HEAVY CARGO TO ANY OF THE ABOVE MENTIONED PORTS.

½ ton and not exceeding	1 ton	20% to be added to arbitrary.
1 " " "	2 tons	50% " " " " "
2 tons " " "	3 "	Double amount of arbitrary.
3 " " "	4 "	Treble " " "
4 tons and over		Arbitrary to be specially arrang

‡Rates include transhipping charges and storage in lighters or on shore at port of transhipment for a period not exceeding ten days; all charges accruing after expiration of ten days from date of arrival of the cargo are for consignee's account.

APPLYING VIA KOBE, JAPAN

Rates include transhipping charges at Kobe.
The arbitraries shown below will apply on Ordinary Cargo.

PORT	Arbitrary	Minimum Charge from Kobe	PORT	Arbitrary	Minimum Charge from Kobe	PORT	Arbitrary	Minimum Charge from Kobe
*Alexandrovsk.....Siberia	$8.00	$2.50	*Korsakovsk.....Siberia	$6.50	$2.50	Niigata.....	$4.00	$2.00
Antung.....China	4.10	2.00	Kunsan.....Korea	3.50	2.00	*Nikolaevsk.....Siberia	8.00	2.00
Chinnampo.....Korea	3.50	2.00	Kyoto.....Japan	1.00	2.00	Osaka.....Japan	1.00	.75
*Chinnampo.....Korea	4.50	2.00	†Moji.....Japan	1.00	2.00	Port Arthur.....China	3.50	2.00
Dalny.....China	3.00	2.00	Mokpo.....Korea	3.00	2.00	Pyong Yang.....Korea	4.00	3.50
Fusan.....Korea	3.00	2.00	‖Nagoya.....Japan			Sakata.....	6.50	2.00
Gensan.....Korea	3.50	2.00	Under 2 tons	4.00	2.00	Seishin.....	4.50	2.00
Jinsen.....Korea	4.00	2.00	2 tons and over	3.00	2.00	Takao.....Formosa	3.00	2.00
Keelung.....Formosa	3.00	2.00	New Wiju.....Korea	5.00	2.00			

RATES ON HEAVY CARGO TO ANY OF THE ABOVE MENTIONED PORTS.

½ ton and not exceeding	1 ton	20% to be added to arbitrary.
1 " " "	2 tons	50% " " " " "
2 tons " " "	3 "	Double amount of arbitrary.
3 " " "	4 "	Treble " " "
4 tons and over		Arbitrary to be specially arrang

‡Rates include transhipping charges and storage in lighters or on shore at port of transhipment for a period not exceeding ten days; all charges accruing after expiration of ten days from date of arrival of the cargo are for consignee's account.

‡Shipments for Chinnampo, which arrive during the months of December, January and February may be accepted, but Bills of Lading covering such shipments must bear the following endorsement:

"Subject to delay at port of transhipment; all storage and other charges at transhipment port while awaiting forwarding, to be borne by shipper, owner or consignee."

*Rates apply only on shipments that will reach destination during the months of May, June, July, August, September and October.
†Transfer charges on heavy lifts additional.
‖Per 2240 lbs.

PARCEL TARIFF

From San Francisco to Yokohama, Kobe, Nagasaki, Shanghai and Hong Kong and Manila by direct steamer.

PARCEL RATE	RATE	ADDITIONAL CHARGE FOR VALUE					
		VALUED AT		RATE	VALUED AT		RATE
		OVER	NOT EXCEED'G		OVER	NOT EXCEED'G	
Not exceeding 15 lbs.	$1.50						
Over 15 lbs. and not exceeding 20 lbs.	2.00						
" 20 " " " " 25 "	2.50						
" 25 " " " " 30 "	3.00	$50.00	$75.00	$1.00	$500.00	$600.00	$7.00
" 30 " " " " 35 "	3.50	75.00	100.00	2.00	600.00	700.00	8.00
" 35 " " " " 40 "	4.00	100.00	200.00	3.00	700.00	800.00	9.00
" 40 " " " " 45 "	4.50	200.00	300.00	4.00	800.00	900.00	10.00
" 45 " " " " 50 "	5.00	300.00	400.00	5.00	900.00	1000.00	10.00
Exceeding 50 lbs., per lb.	.10	400.00	500.00	6.00	Over	1000.00	1%

NOTES

Governing Arbitraries to points beyond Asiatic Ports of Call.

(A) Charges on traffic destined to points beyond designated Asiatic Ports of Call must be prepaid through from originating point to destination.

(B) For all freight contracted to points beyond regular Asiatic Ports of Call, one extra signed copy of Bill of Lading should be sent forward with the goods for use with customs by the agent of the various steamship lines at Asiatic Ports of Call. Without this extra Bill of Lading freight is liable to be delayed at port of transhipment. The copy should be stamped: "For customs purposes only." This applies especially in the case of Manila freight.

(C) Arbitraries do not include cost of landing at port of destination except especially so indicated. The general custom is that Consignees take delivery from ship's side. The arbitraries only include delivery over ship's side.

(D) BILLS OF LADING should always be stamped: "On cargo transhipped at Asiatic Ports of Call for destination beyond, railroads and Trans-Pacific Steamship Lines are not responsible for damage beyond Asiatic Ports of Call." Local lines beyond Asiatic Ports of Call accept no responsibility on transhipped cargo unless they issue their Bills of Lading.

(E) Arbitraries on heavy lifts beyond Shanghai and Hong Kong to various Out-ports quoted, on application.

FIG. 18.—Continued

of the House of Representatives engaged in the investigation of shipping combinations.

In Table 3 some curious variations and an apparent lack of uniformity in freight rates will be observed. Thus, dry goods are taken from New York to Shanghai, a distance of 12,500 miles, at 60 cents per 100 pounds, but twice as much is charged for taking the same goods from New York to Cape Town, a distance of only 7,000 miles. On the other hand, canned goods and hardware cost much more for transport to Shanghai than to Cape Town; barrel oil takes a higher rate to Cape Town than to Shanghai; kerosene (in cases) costs more to Shanghai than to Cape Town. Dry goods form a most important element in our trade with China, almost nothing at all in that line being done with South Africa. On the contrary, South Africa is a much larger market for American hardware than is China.

Other discrepancies may sometimes be similarly explained, yet sometimes they seem to arise from custom or merely by chance. It may be found that rates of freights named from New York to Rio de Janeiro are considerably higher than rates named on an identical shipment, perhaps by the same steamer, for the much longer voyage from New York, via Rio de Janeiro, to Buenos Aires. On investigation, however, it may be learned that the Rio rate includes the heavy port charges there for unloading and lighterage ashore. There are also seemingly strange discrepancies in the rates of freight on certain commodities between the same ports, and the income of a ship varies considerably according to the preponderance in its cargo of certain classes of freight.

Competition among liners has, at times, assumed the

character of a veritable war involving no small degree of actual enmity. On the other hand, as we shall have occasion to remark before long, agreements among shipping companies have often resulted in uniform rates on the same cargo to the same port of destination from which, frequently enough, no deviation whatever is obtainable. "Prior to 1910 there was in the foreign shipping trades of the United States a period of fierce and chaotic rate cutting. At times cargoes were carried at such unprofitable rates as $2 a ton to the River Plate, $3 a ton to the Philippines, China, and Japan, $2.50 a ton to Australia, and $4 a ton to South Africa."[9] Such rates are extraordinary and of infrequent periodical recurrence, as pools and conferences are formed, break up, and reform.

11. Combined Rail and Water Rates

American railways, like those in most other countries, favor export shipments in various ways. In the case of inland rates of freight, they frequently extend periods of free storage at port while awaiting ships and reduce the charges for lighterage, etc. Chicago-New Orleans rail rates on goods for domestic deliveries are higher than the rates from Chicago to New York, but if the railway bill of lading is noted "for export," the New York rate is usually granted to shipments routed via New Orleans. Reduced rates by the rail lines usually apply more especially in the case of through foreign bills of lading in which the exact differential in the rail rate may not be easily or accurately determined.

[9] Proceedings of the Committee Investigating Shipping Combinations, page 1364.

Differentials in favor of export goods shipped by rail from interior points have, in the past, all too frequently served as texts for political demagogues. At one time there may have been some slight foundation for the assertion that railways abandoned an unduly large percentage of their regular rate to ocean carriers bringing foreign goods into the United States, favoring the foreign shipper rather than the American manufacturer. It is believed, however, that this condition has practically disappeared. It cannot be denied that there is an economic advantage in naming preferential rates on the products of American farms and factories, destined for ultimate shipment to distant foreign markets, there to encounter competition from the products of all the world. How far practices of railroads in this regard should be, or can wisely be, governed by Federal supervision and direction is a question quite outside the province of this chapter.[10]

Railway ownership of steamship services in foreign as well as domestic trades has quite recently been brought to the attention of the whole country. The Panama Canal Act of 1912, barring railway-owned vessels from that waterway, will, unless repealed or modified as to that provision, undoubtedly result in curtailing, perhaps halving, the tonnage of our sea-going American marine. It at present seems likely to have another, an unexpected, result, namely, a stiff fight for trans-Pacific export freight by the rail lines, involving lower rail rates on export goods and, more than possibly, faster trans-continental freight services than hitherto known. The so-called "silk trains" have for some time transported valuable cargoes

[10] See the section of the treatise on *Freight Rates—Western Territory*, by the La Salle Extension University, relating to this subject.

of that product of China and Japan from Pacific coast ports to eastern factory centers at almost passenger speed. Should a similar westbound service be put into effect from the East, the South, and the Middle West, it is believed that the trans-continental rail systems would still be able to hold their own with the all-water route via the canal. If especially low rates are named, they may be able to do even better than the all-water route.

Differentials in rail rates from the interior to seaports, favoring, for example, Philadelphia, Baltimore, and Newport News over New York and Boston, have sometimes been held responsible for increased ocean rates from the ports favored. These differentials make the net through charge to foreign destination about the same, thus bringing little profit to the rail route, special port, or anybody, save the steamship owners.

Another effect of changed conditions following adjustments and supervision of rail rates is to be found in the virtual abandonment of the trans-continental-Pacific route by our large China trade in cotton piece-goods. From two to four weeks transit time is usually saved by that route over the all-water route from New York. This is an item of considerable moment at times, involving in case of very large shipments calculations as to interest charges on the investment.

Ten or fifteen years ago, mills in our southeastern states, making the cotton sheetings and drills that constitute the bulk of our sales to China, allowed certain freight rebates when shipments were despatched direct from the mill to the Pacific coast. Those rebates were not always the exact mill-New York freight rates; sometimes they were sufficiently exaggerated to make the

overland route profitable as well as desirable. This has all been done away with. Rebates today must be exactly the rail rate; from Piedmont, S. C., for instance, 45 cents per 100 pounds, not 49 cents or 60 cents. The present rate on cotton piece-goods (in bales) from New York to Shanghai via Suez is said to be 60 cents per 100 pounds. The rate from the mill overland via San Francisco is $1.15. It is evident, therefore, that a small variation in the rate by either route will determine the choice, although certain kinds of cotton goods, cotton flannels, for instance, even now take the overland route in spite of its rare patronage of late by shippers of other cottons.

A considerable traffic through to Australasia and the Far East, in small shipments of sundry goods, still passes over the trans-continental lines from the Middle Western and even from the Eastern states. This traffic, while large in the aggregate, is made up of a multitude of small lots handled in ingenious fashion by forwarding agents who specialize in combining carload shipments. This traffic and prevailing rates are well described in a letter to the author from a well-known firm of Chicago forwarding agents, reading essentially as follows:

Export rates to Australia and the Far East via the Pacific Coast on so-called "Merchandise," which includes everything except boats, broom corn, human bones, ginseng, jewelry, pianos, and organs (not including folding organs), silverware and other plated ware, wheels (buggy and carriage), live animals, and all other perishable cargo requiring refrigerator service, are $1.50 per hundred pounds in carload lots.

Brokers and forwarding agents in Chicago make up carloads of merchandise by securing from various concerns their less-than-carload shipments and ship these consignments for the Far East at rates from $1.60 to $2 per hundred pounds. These rates apply to the so-called ports of call, Kobe, Nagasaki, Shanghai, Hong

Kong, Manila, Sydney, Melbourne, Auckland, etc. To points other than ports of call, there are certain arbitraries. To ports of call in Australia and New Zealand, generally $2 per hundred pounds is charged for less-than-carload lots in combined carload shipments.

In addition to the above-mentioned rates there are so-called commodity rates which apply on carloads of soap, syrup, twine, vehicles, automobiles, machinery, and other articles. These rates are as a usual thing lower than the merchandise rate, but it is not possible to ship less than carloads and secure a rate anywhere near the carload rate. This is due to the fact that there are no firms in the Middle West who can make up carloads of other than "merchandise," with the exception of machinery, of which there are regular cars leaving Chicago for the Orient made up of less-than-carload shipments.

At the present time it is far cheaper for a manufacturer of merchandise or commodity articles, when he is located in the Middle West, to ship to the Far East and Australia via the Pacific Coast than via New York, provided the goods are measurement goods, that is to say, provided that their measurements are out of proportion to their gross weight.

It is reported that new rates are to be put into effect on the first of next year, 1914, by the steamship companies, from the Pacific Coast ports to Australasia. (These rates were put into effect but were disrupted after the outbreak of the European war.)

These rates will be as follows: If shipments exceed 4 cubic feet to the 100 pounds, the ordinary through rates stated above are increased 12½ cents per 100 pounds for each additional foot. In other words, if goods measure 9 cubic feet per 100 pounds, the rate to Sydney, for instance, will be $2 per 100 pounds in less-than-carload lots, or $1.75 per 100 pounds in carload lots, plus 12½ cents for each additional foot per 100 pounds over 4 cubic feet, or 62½ cents per 100 pounds extra. Thus, the rates become $2.62½ per 100 pounds in less-than-carload lots and $2.37½ per 100 pounds in carload lots.

As to the rates and time via the Atlantic Coast, in the first place, the Middle Western manufacturer must pay the inland freight and, if he quotes f. o. b. steamer New York, cartage as well as ferriage have to be paid also. Cartage rates in New

York are rather exorbitant. It takes a great deal more time to ship to Australasia or the Far East via Europe or direct from an eastern port, generally from 60 to 75 days; from Chicago to the Pacific Coast, time varies from 12 to 18 days; from the Coast to the Orient from 15 to 28 days, making the through time from Chicago from 30 to 50 days if prompt connections are made.

The rate on iron stoves to Sydney, Australia, from Chicago via the Pacific Coast in less-than-carload lots is $2 per 100 pounds as charged by the forwarding brokers, and in carload lots $1.75 per 100 pounds. The average measurements on iron stoves are 9 cubic feet to every 100 pounds. The rate on stoves from New York to Sydney is 30½ cents per cubic foot, so that on 100 pounds or 9 cubic feet the rate from New York to Sydney will be $2.75 per 100 pounds on any quantity in less-than-carload or carload shipments as against $2.00 per 100 pounds in less-than-carload lots and $1.75 per 100 pounds in carload lots from Chicago via the Pacific Coast. In the latter case, Chicago exporters are not charged extra for inland freight, cartage, or ferriage. Other Middle Western manufacturers have to pay only the freight extra from their towns to Chicago and a small charge for drayage.

Take gas fixtures or lamps to Manila, for example. The average measurements are 10 cubic feet to every 100 pounds gross. The rate from New York to Manila is about 23 cents per cubic foot, or $2.30 per 100 pounds. These same goods can be shipped from Chicago to Manila via the Pacific Coast at a through rate of $1.75 per 100 pounds in less-than-carload lots, or $1.50 in carload lots, a saving of 55 cents per 100 pounds in less-than-carload lots and 80 cents per 100 pounds in carload lots, with no charge for cartage, inland freight, or ferriage.

New York authorities, however, declare that some large shippers complain of vexatious delays, sometimes of weeks, and general careless treatment of export goods at Pacific coast ports.

Speaking in a very general way, it may be said that through foreign bills of lading, issued from interior

points by the railways, are not usually the most advantageous to the ordinary shipper of general merchandise in limited quantities, although through bills of lading on grain from the Northwest are frequent. Some railways actively solicit such freights, saving work and worry to the shipper who does not care to devote personal attention to matters of comparatively rare occurrence. But economies, and sometimes more efficient service, can often be secured by a study and investigation of the available ways and means.

Some European countries, especially those that exercise state control over railways, have modified inland rates on export goods to a far greater extent than the United States. Co-operation with steamship lines has also been developed further, as has already been hinted in the case of Germany. Theoretically, the fullest co-operation and the extreme reduction in rates are thoroughly scientific means of developing foreign trade and are desirable and praiseworthy from an economic point of view. Our American jealousy of the growing power of great corporations should not blind us to those facts.

In the Daily Consular and Trade Report for July 23, 1913, there were published informative reports as to rail and ocean freights on export goods in France, Germany, Austria-Hungary, Russia, and Spain. From a table supplied by the American Consul General at Marseilles, the following figures may be quoted as illustrating preferential rates granted some commodities for export by French railways, the rates named applying for distances from 100 to 200 kilometers (62 to 124 miles) from Marseilles, per metric ton mile (metric ton, 2,204.6 pounds).

	Import Rate	Export Rate
Cheese, less than 5-ton shipments.....	$3.91	$3.29
Cotton Goods, less than 5-ton shipments...	5.15	3.29
Glassware, less than 5-ton shipments.....	2.36	2.04
Machinery, less than 5-ton shipments.....	3.29	2.88
Wine (in cases), less than 5-ton shipments.	3.29	2.98

In this publication, also, the American Consul General at Berlin reported on German export rates, as compared with normal rates, by rail from certain interior manufacturing points to ports for shipment by sea. The results, on the commodities selected as examples, are set forth in Figure 19.[11] The rates are per metric ton in carload lots of 10 tons.

Cities	Distance in Miles	Commodities	Export Rates	Import Rates
Cologne to Hamburg.....	267.2	Copper goods, lead in blocks, tubes....	$3.14	$6.38
Cologne to Hamburg.....	267.2	Zinc in sheets, etc.....	3.17	4.86
Cologne to Hamburg.....	267.2	Cotton goods.....	3.64	6.38
Cologne to Hamburg.....	267.2	Machinery and machine parts, ironware..	2.52	4.86
Cologne to Hamburg.....	267.2	Iron plates, locomotives, etc.....	1.33	3.83
Frankfort to Hamburg.....	330.6	Machines and ironware.....	3.07	6.00
Frankfort to Bremen.....	285.2	Machines and ironware.....	2.69	5.21
Frankfort to Lubeck.....	358.5	Machines and ironware.....	3.31	6.47
Frankfort to Hamburg.....	330.6	Iron products, such as beams, etc.....	1.67	4.71
Frankfort to Bremen.....	285.2	Iron products, such as beams, etc.....	1.45	4.12
Frankfort to Lubeck.....	358.5	Iron products, such as beams, etc.....	1.79	5.09
Nuremburg to Hamburg.....	394.6	Thuringian wares, toys, etc.....	5.83	9.33
Nuremburg to Bremen.....	362.3	Thuringian wares, toys, etc.....	5.45	8.66
Nuremburg to Lubeck.....	405.1	Thuringian wares, toys, etc.....	6.02	9.64

Fig. 19.—German Export Commodity Rates as Compared with Import Commodity Rates by Rail from Certain Interior Manufacturing Points to Specified Ports

12. Details Affecting Manner of Shipping and Rates

In shipping heavy goods, rates of ocean freight ordinarily quoted do not apply if the weight exceeds the

[11] Special freight rates for export as allowed by German railways have also been treated in other of our government publications, notably: *Railway Freight Rates, Inland Waterways and Canals of Germany*, issued as National Waterways Commission Document No. 19, 1911; Daily Consular and Trade Reports for September 8, 1909, and March 20, 1912.

power of the ordinary winches and hoisting apparatus of a ship. Some of the very new cargo vessels have specially devised cargo handling apparatus capable of hoisting packages weighing as much as five tons each. Occasionally a ship may be found possessing a steel derrick that can handle even twenty-five-ton loads. The great majority of ships, however, are not able to hoist loads weighing more than two or three tons with their own apparatus and usually there is no other device at hand. When heavy pieces—locomotives, for example, or boilers, or large machinery—are to be shipped, it is frequently necessary to engage special floating derricks to go alongside the ship and hoist the heavy pieces in question from the lighters or dock into the ship's hold.

While, ordinarily, charges for putting cargo on board of ships are absorbed in the rates of freight named, charges for such heavy pieces are never included and must be provided for by the shippers. In all harbors there are special arrangements for taking care of freight of this sort. In New York there are companies which make a specialty of this work, charging $25 per hour for the use of a floating derrick, the time being calculated from the hour of departure from the home dock to the hour of return after performing the service for which it was engaged. Therefore, a good deal of careful computation on the part of shippers is necessary, in order to avoid waste of time and to provide that the lighter carrying the pieces to be hoisted and the floating derrick will reach the ship at as nearly the same time as possible.

When heavy pieces of cargo are despatched by routes that involve transshipping from the original steamer to another in order to reach the port of destination, such transshipping charges are not absorbed in the through

freight rate that has been named as they are in the case of ordinary cargo. Such transshipping charges are an extra; they follow the goods to their destination, there to be collected from the consignee before delivery, unless special arrangements have been made with the owners or agents of the initial ship taking the goods from this country. When possible, such arrangements are always advisable.

In many instances special provision has to be made in shipping packages of unusual size in some one dimension or in general bulk. The hatches of some steamers will not admit very large pieces. Therefore, these pieces cannot be put below decks and special agreements have to be made for carriage "on deck," which is not always a very safe arrangement and usually involves higher rates of insurance. This paragraph applies, among other things, to such exports as motor or other boats, large boilers, sometimes to automobiles, etc.

A shipment of explosives of any sort sometimes necessitates the exercise of a good deal of ingenuity. All passenger steamers from ports of the United States are forbidden to take explosives as part of their cargo. The term is sometimes extended to include such chemicals as ether and numerous others that are not ordinarily regarded as dangerous explosives, especially when thoroughly sealed. There is, however, a large and prosperous export trade carried on in American gunpowder and other explosives of various descriptions. It is sometimes necessary to ship them by roundabout routes, employing strictly cargo vessels bound for quite different destinations, usually in Europe. A great many more lines of strictly cargo ships are to be found in Europe than in the United States, and for this reason these shipments are

frequently taken to Europe first and there easily make connection for port of ultimate destination. This complication not infrequently affects shipments of gasoline and the consequent limitation of supplies of that fluid sometimes handicaps trade in motors using it as a source of power.

Certain forms of acids and other substances, for example, calcium carbide, must be shipped in iron drums and carried "on deck." In forwarding any goods of similar description special arrangements must always be made in advance, covering not only the manner in which the goods will be taken care of but also rates of freight and required forms of packing.

13. Prepayment of Freight Charges

In former days it was customary for steamship lines to accept cargo subject to collection of charges at destination at the rate agreed upon. With reforms in shipping practices generally, this practice has grown less and less with each passing year. Nowadays there are few lines of steamers that do not demand the prepayment of all freight charges on general cargo when a bill of lading is issued. Merchants usually find it wise to have a thorough understanding with their customers in this regard. The purchasers may be accustomed to doing business chiefly with other countries from which some steamship lines may still permit freight charges to go forward. Such consignees may in some instances enjoy certain privileges or rebates of one sort or another not available at the port of shipment and hence they will be dissatisfied when prepaid freight charges are unexpectedly included in the shipper's invoice.

14. Primage

On the Atlantic lines and on a good many other steamship services from ports of this country, the old custom of charging what is known as "primage" on freight rates still prevails, although in many parts of the world it has now been abolished. Primage is usually explained as a charge made in the early days of the shipping industry, intended to pay the captain of a vessel or his officers and crew for devoting what was expected to be special attention to the safe loading and stowage of cargo. Any such disposition of funds so derived was long ago done away with and the charge today is virtually an addition to the freight rate. In some instances it may apply toward the remuneration of the local agents of the ship. The primage charges are usually either five or ten per cent of the rate of freight. That is to say, if the rate quoted is 40 shillings plus 10 per cent primage, it virtually amounts to paying a rate of 44 shillings per ton. It may here be mentioned that primage has come to fulfill another office, namely, supplying a fund for the payment of the popularly condemned "deferred rebates." This matter is more fully explained in the next chapter.

In passing, it may be remarked that in some trades rebates to shippers on the total amounts of the freights that have been paid for a given period of time are graduated on a scale according to the sum of such freight moneys. Thus, in the New York-Bermuda trade, importers in Bermuda have received a rebate of ten per cent if the freight paid in the course of a year has amounted to from $100 to $1,000, fifteen per cent on freights from $1,000 to $1,500, and twenty per cent on freights from $1,500 up.

15. Some Common Symbols

At this point we ought to consider another matter intimately connected with shipping, prices, rates, etc., of which inexperienced shippers should take careful note, namely, the use of the symbol "f. o. b.," or "free on board." Properly speaking, f. o. b. means, and should mean only, the delivery of goods free of charge on board of an outgoing ocean vessel. For use in any other sense the phrase, or the abbreviation, should be accompanied by an explanation. The necessity for this is not always appreciated, especially by inland shippers, who sometimes quote "f. o. b. factory" or "f. o. b. railway" or "f. o. b. New York." The first of these expressions is used sometimes to indicate that all charges are extra, even the cartage to the railway station, and sometimes that the goods are delivered to the railway; "f. o. b. railway" indicates that the quotation includes the costs of putting on board cars; "f. o. b. New York," most uncertain and indefinite of all, may imply simply that freight is paid to New York and that transfer to the outgoing vessel will be extra, or it may be used in its proper sense of delivery on board of the vessel. It is a pity that the phrase should be so misused as it has been in the past with the consequent growth of uncertainty as to its exact significance. Hence, it is advisable in correspondence with foreign importers to qualify the expression in making quotations, etc., with an explanation of exactly what is covered. The rule in all foreign business transactions is: Simplicity, clearness, exactness, beyond the possibility of misunderstandings.

Another symbol frequently used is the abbreviation "f. a. s.," which translates into "free alongside" and is

used chiefly, if not exclusively, with reference to heavy goods which must be hoisted on board vessel by outside power, for which a charge is made; whereas rates on ordinary cargo include the use of ship's winches, crew, stevedores, etc.

In conclusion, it may be well also to note the significance of another phrase frequently used in export relations and abbreviated "c. i. f." These letters stand for "cost, insurance, and freight"; they imply the delivery of goods on board of the steamship, the prepayment (or crediting) of freight to the port of destination, and the adequate insurance of the goods against ordinary sea risks. Such quotations are very useful to exporters, since they leave no uncertainties on the part of customers as to the costs of goods. The shipper's correspondents know exactly what the goods that are offered will cost delivered at their port.

It should be noted that the expression "c. i. f." covers nothing excepting the items named above. No charges for lighterage at destination, quay dues, custom-house duties, or anything of that sort are included, nor are charges at the port of shipment for consular invoices or extras of any nature. It is frequently advisable, however, when quoting prices in this fashion, to indicate specifically just what will be covered in order to avoid chances of possible misunderstandings. It may be hinted that if prices quoted c. i. f. are named in the currency of the country of destination, providing that country has a stable currency on a gold basis, or in the world's great commercial currency of British Sterling, prospective customers are still further pleased, since they then know just what they have to pay, in money with which they are well acquainted. Moreover, such quotations are al-

ways made to include a little extra profit for the shipper because, in any case, estimates must not be too close but must cover possible fluctnations in freight rates, etc. The shipper is always quite safe in calculating that his customer will be willing to pay a somewhat better price in return for quotations in terms that leave nothing to guesswork or chance.

The symbol "c. a. f." is sometimes explained as "cost and freight," but in that sense it is properly written "c. & f." The true meaning of c. a. f. is identical with c. i. f., having its origin and main use in transactions with French-speaking correspondents and representing the French words *cout, assurance, frêt.* The expression "c. i. f. e.," or "c. i. f. and e.," is common in the trade with some British colonies, notably Australia and South Africa, and adds to the items of cost, insurance, and freight the element of "exchange."

TEST QUESTIONS

1. Why does competition in ocean freight rates differ from competition in rates by railroads?
2. How many standard tank railway cars are required to load the oil carrier, San Gregorio?
3. How does the cost of transportation on water compare with the cost of transportation on land?
4. Explain the use of the terms ton and hundredweight as a basis for ocean freight rates.
5. How does the English or Imperial gallon differ from the American gallon?
6. What is the cubical content of the measurement ton on steamers? On sailing vessels?
7. What is meant by the expression "measures more than it weighs"?
8. Explain why there is such a lack of uniformity in quoting rates on ocean carriers.
9. What attempts have been made to classify freights on ocean carriers?

10. What influence does American railway practice have upon ocean freight methods?

11. What is meant by chartering a vessel? Distinguish between trip and time charters. What is the basis of compensation?

12. To what extent is a standard form used for a charter party?

13. What is meant by "lay days"?

14. What risks does the shipowner assume with reference to the goods which he carries?

15. Why do charter rates fluctuate so greatly in value?

16. What influence does the tramp steamer have upon line rates?

17. Enumerate the commonest forms of charter parties.

18. What is meant by the warranty in a charter party?

19. Distinguish between general cargo and special cargo.

20. Why is it impossible to obtain in New York an ocean freight rate or commodity classification governing shipments to most parts of the world?

21. What is the practice with reference to the Central American and West Indian trade?

22. What factors are chiefly instrumental in causing fluctuations in ocean freight rates?

23. How do the trans-oceanic freight rates compare with the coastwise freight rates in the United States?

24. In what ways are differentials in rail rates in the interior to seaports used in connection with foreign commerce?

25. To what extent have European countries modified inland rates on export goods?

26. What are some of the details affecting the manner of shipping and the rates on extra heavy goods, explosives, certain chemicals, etc.?

27. What is the usual practice with respect to prepayment of ocean freight charges?

28. What is meant by primage?

29. What precautions are necessary in the use of the symbol f. o. b.?

30. What other symbols are frequently used in connection with export shipments?

OCEAN TRAFFIC AND TRADE

ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

B. OLNEY HOUGH
Editor, American Exporter
Author, Practical Exporting
Exporters' Gazetteer of the World

PART 3

AGREEMENTS AND CONFERENCES HOLDING EXPORT AND IMPORT SHIPMENTS

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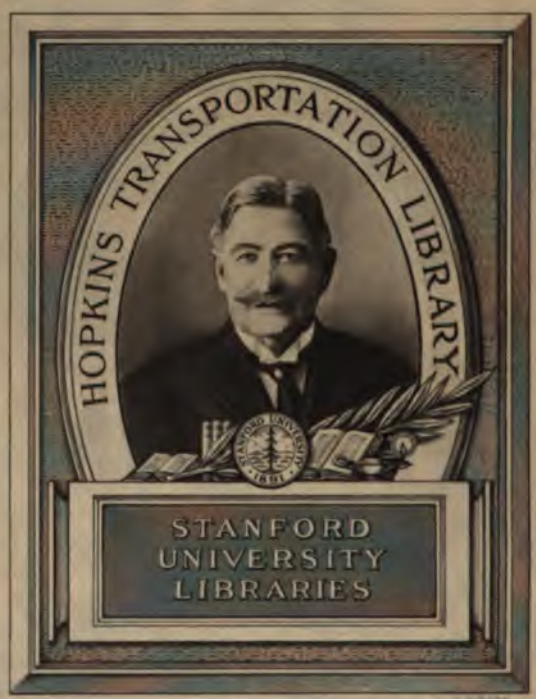

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Joel V. Berreman, Esq.

OCEAN TRAFFIC AND TRADE

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Editor, *American Exporter;* Author, *Elementary Lessons in Exporting, Exporters' Gazetteer of the World, Practical Exporting, etc.*

PART 3

AGREEMENTS AND CONFERENCES HOLDING EXPORT AND IMPORT SHIPMENTS

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CONTENTS

SHIPPING AGREEMENTS, POOLS, AND CONFERENCES

1. General Characteristics

Page

(a) Existence Acknowledged 159
(b) Mistaken Popular Impressions 160
(c) Peculiar Conditions in the Shipping Trade 162
(d) Vogue of Shipping Agreements 163
(e) Existing Conferences in the Shipping Trades 164
(f) Kinds of Agreements 166

2. Advantages Claimed for Pools and Conferences

(a) Regular and Frequent Sailings 169
(b) Higher Class and Speed of Vessels 170
(c) Equalizing American and European Rates 171
(d) Uniform Rates of Freight 172
(e) Ample Facilities and Tonnage 173
(f) Reaching Ports of Minor Importance 173

3. Objections to Shipping Conferences and Pools

(a) Conferences Dictate Freight Rates 175
(b) Preferential Rates 179
(c) Railroad Influence 179
(d) Conferences Aim to Kill off Competition 181
(e) "Fighting Ships" 183
(f) Deferred Rebates 184

4. Experience in Abolishing Rebates 187

5. Commerce Not Monopolized by Conferences 190

6. Trade Not Restricted by Shipping Agreements 192

7. Government Investigations 195

8. Government Regulation or Control 196

Test Questions 200

CONTENTS—Continued

HANDLING EXPORT AND IMPORT SHIPMENTS

Page

1. Packing for Export Shipment.....202
2. Addressing Export Packages.....207
3. Weights and Measurements.....209
4. Bills of Lading
   (a) Thru Bills of Lading from and to Interior Points.....218
   (b) Minimum Bills of Lading.....220
5. Parcel Receipts 220
6. Consular Invoices and Certificates of Origin.....222
7. Procedure in Despatching Export Shipments
   (a) Agencies at Seaports.....236
   (b) Despatching Foreign Shipments in Bond.....237
8. Exports with Benefit of Drawback.....238
9. How Imports Are Handled.....241

Test Questions 256

HANDLING SMALL EXPORT SHIPMENTS

1. The Post as an Aid to Foreign Business.....258
2. Parcel Post Regulations and Rates.....258
3. Ocean Mail Contracts and Payments.....265
4. Foreign Express Services
   (a) Their Nature 268
   (b) Their Facilities 272
5. Organization of Forwarders of Foreign Freight..277
6. Selection of Forwarders of Foreign Freight.....282
7. Adjuncts to the Forwarding Business.....286

Test Questions 288

CHAPTER VII

SHIPPING AGREEMENTS, POOLS, AND CONFERENCES

1. General Characteristics

(a) Existence Acknowledged

Judge J. W. Alexander, Chairman of the House Committee on Merchant Marine and Fisheries, which has recently investigated shipping combinations, made the following announcement on June 13, 1913:

> In the trade with foreign ports the committee found at least seventy-six agreements or understandings whose purpose was to fix and maintain rates, regulate the traffic, and in many instances, pool the business. These agreements govern nearly all the regular lines operating in various branches of the American foreign trade to Europe, Africa, South America, and the Caribbean district. Practically all the lines serving both the Atlantic and Pacific seaboards of the United States are members of conferences or work in coöperation through written agreements or oral understandings.

If the foregoing statements were the only results of the investigation carried on by this committee during many months, it cannot be said to have discovered anything new, for the fact of the existence of sundry agreements between shipping companies has never been denied during the last forty or fifty years. In the course of this time understandings of one sort or another between steamship lines of all nationalities, in all parts

of the world, have come to public knowledge from time to time, sometimes lasting a month or two, occasionally enduring for several years. For two generations, perhaps not a twelve-month has passed that has not witnessed some development of agreements between shipping companies for mutual protection or benefit, the birth of new combinations, or the death of old ones. Even as far back as 1868, when the British Post-Office advertised for tenders for carrying the mail from Queenstown to New York, it was discovered that the Inman Line and the Cunard Line had formed a "community of interests," agreeing not to underbid each other.

The volumes of testimony taken at the public hearings, as literally printed by the committee, are enlightening as to many of the details of the arrangements between steamship lines and the methods adopted by them to regulate rates, apportion traffic, and divide territories. A close study of these records is to be commended to anyone who seeks a thorough knowledge of existing conditions in the shipping trade.[1]

(b) Mistaken Popular Impressions

In these days of widespread public hostility to anything that savors of an approach to a monopoly, the feeling in the United States, perhaps fostered by sentiment against our railways, has undoubtedly been that ocean carriers as a body have united to bleed the Ameri-

[1] Frequent use will be made in this chapter of the testimony printed in the Proceedings of the Committee on the Merchant Marine and Fisheries in the Investigation of Shipping Combinations, Washington, 1913. Credit hereafter, when necessary, will simply be to "Proceedings."

can exporter. This has frequently found expression in the writings and speeches of Representatives and Senators, some of them honest in their convictions, others not entirely free from the characteristics of the demagogue, who have been liberal if not logical in their assertions that foreign ship trusts strangle American commerce. Wild and injudicious statements of this character, unsupported by a shred of evidence, have been used more or less effectively by advocates of favorite measures for the regeneration of our merchant marine and, as has already been remarked, have found a natural reflex in the attitude of usually shrewd and conservative speakers. Such men have taken statements of this character at their face value, without stopping to analyze them intelligently, to say nothing of going to the trouble of investigating personally.

Perhaps this explains the fact that we find staid, reliable business men asserting from the platform that American export trade will never grow until we are relieved from the domination of the foreign shipping trusts. They pay no regard to figures which demonstrate that our export trade has been advancing by leaps and bounds and give no consideration to the fact that, discrimination or no discrimination against us, we long ago succeeded in passing Germany and now rank second to Great Britain only, as an exporting nation. It is difficult to face inanities of this sort in any calm or philosophical spirit.

Assertions that there exists what is so loosely called a "foreign shipping trust," are based on several obviously absurd premises. The first assumption is that European shipowners are working against their own interests in sending their boats to ports of the United

States to charge us higher export freight rates than they charge shippers of their own countries in an effort to curtail shipments from this country; second, that foreign shipowners are virtually working for the interest of the flags they carry rather than on behalf of the private shareholders of the several companies; and third, that British, German, Norwegian, and other owners, scores of them, hundreds of them, have entered into a world-wide conspiracy to crush the commerce of the United States. These notions that a business enterprise would deliberately set out to cut its own throat and to get just as little business as possible, have seldom been advanced in any other connection.[2]

(c) Peculiar Conditions in the Shipping Trade

In studying the question of agreements affecting the carriage of goods by sea, it is necessary at the outset to distinguish once more between regular lines and tramp ships. No agreements of any sort ever have been or can be possible between the numberless tramp vessels. These, as has been explained, operate not in any regular service but go from port to port, perhaps in widely separated continents, wherever a shipper may be found who is willing to buy their services. It is only among the regular liners that combinations are possible.

[2] "In most of the long voyage trades from ports of the United States the tonnage is supplied by British and German lines, which also maintain services from their own countries to the same ports of destination overseas. If such lines wished to favor the merchants of their own nations it is obvious that they would not engage at all in furnishing tonnage from the United States by means of which American merchants could compete with the merchants of their own nations." Proceedings, page 1372.

Again, it must be pointed out that water transportation differs so radically from railroading that the two are hardly comparable in any respect, including this great question of monopolies. A railroad obtains a franchise from the State and under this franchise possesses special powers and privileges, including the right of eminent domain. Without these special privileges, a railroad cannot be built. When once constructed, it possesses certain advantages of local trade along its line. It becomes a public utility. On the other hand, practically anybody can own or lease a ship and owners of ships can dispose of their vessels, if they are unprofitable, with consummate ease as compared with the disposal of a railway system. Competition in ocean rates and services is often fierce; it frequently reaches acute degrees unknown in the railroad business. Steamship lines, fighting each other for the control of a trade or predominance in it, often enough with an effort on the part of one to eliminate another from the field, have on more than one occasion been known to lose hundreds of thousands of dollars in the course of a single year.

(d) Vogue of Shipping Agreements

Agreements entered into by steamship lines engaged in trade between the United States and foreign countries are practically identical in both character and provisions with those in force in all the principal maritime nations. Contrary to the notion which some speakers on this subject have seemed eager to foster, agreements are not restricted to the trade with the United States. They are not even unusually noticeable here, but are universally known and in force throughout the shipping world. Be-

fore we ever had a legislative committee charged with an investigation of such combinations, or before the United States Attorney General ever instituted suits against shipping companies under the Sherman Law, importers in South Africa and in Australasia complained bitterly of their domination by the great British interests controlling shipments from Europe. Beginning in 1906 a Royal Commission in England spent months in a fruitless investigation of "shipping rings."

The various forms of combinations that are to be found among shipping companies are equally as noticeable in the lines plying from European ports to South America, to Australia, and to the Far East, as they are in lines plying to the United States. Such combinations are not restricted to the American trade; in fact, in this trade they are sometimes merely the extension of similar agreements in force between European lines in other services. Nor are combinations exclusively between European owners; all of the strictly American owners are parties to them. It is probable that they have come to stay or, as expressed by Mr. A. A. Booth, Chairman of the Cunard Steamship Company: "Unrestricted competition has been broken down in the transport business on sea or land. In every highly developed country the trend is toward co-operation in shipping, or if that is impossible then some form of regulation and control."[3]

(e) Existing Conferences in the Shipping Trades

Evidence produced before the Committee of the House of Representatives Investigating Shipping Combinations

[3] Address on *The Shipowners' Business* before the Faculty of Commerce of Armstrong College, Newcastle, England, October 25, 1913, as reported in the London Times.

and reports obtained by that committee from American diplomatic and consular officers in various parts of the world brought to public knowledge the existence of the following among other principal combinations of ocean carriers operating to and from ports of the United States: (1) The North Atlantic Freight Association, composed of the Allen Line, American Line, Anchor Line, Canadian Pacific Atlantic Lines, Cunard Line, Dominion Line, Donaldson Line, Canadian Northern (Royal) Line, and the White Star Line; (2) agreements as to North Atlantic passenger traffic on the part of the lines just named and, in addition, the Hamburg-American, North German Lloyd, and Red Star lines; and (3) the Baltic Pool, composed of the Wilson Line, the two great German lines, and the Danish line.

The lines from the United States to India in conference include the Hansa and the American-Indian lines. The Japanese conference includes the Pacific Mail, the Canadian Pacific, the China Mutual, the Great Northern, the Bank Line, the Ocean Steamship Company, the Nippon Yusen Kaisha, the Osaka Shosen Kaisha, and the Toyo Kisen Kaisha.

The Prince, the Lamport & Holt, and the Hamburg-South American lines are included in the American-Brazilian conference. In the River Plate service the Lamport & Holt, the Houston, the Prince, the Barber, and the American-Rio Plata lines are in conference. In the trade with the west coast of South America the companies concerned have no agreement, but maintain rates.

In the trade with Jamaica, the Royal Mail, the Hamburg-American Atlas, and the Royal Dutch West India Mail operate in an agreement to which the United Fruit

Company tacitly adheres. In the trade of the Caribbean Sea, the Royal Mail Steam Packet Company and the Hamburg-American Atlas Line have a pooling arrangement both as to freight and passengers, while the United Fruit Company, though not a party to that agreement, maintains the other companies' rates, as does the Government's Panama Steamship Line so far as trade with the isthmus is concerned.

The New York and South African business is carried on by agreement between the Union-Castle, Bucknall, Clan, Hansa, Houston, and Prince lines. The Australian trade is operated under agreements between the United Tyser, American & Australasian, United States and Australasian, and White Star lines.

(f) Kinds of Agreements

There are two distinct kinds of combinations in which steamship lines may join—the conference and the pool. The conference may be merely a "gentleman's agreement" involving little more than occasional meetings of the interested managers to discuss administrative methods, forms of bills of lading, methods of receiving and delivering cargo, etc. Sometimes it is loose and general and simply commands the adherence of the lines entering into it through motives of self-interest. In other cases, however, it is strong—written, signed, and sealed—visiting severe penalties on any of the heavily bonded signers who may violate its terms. Those terms may refer to the regulation of freight rates between competing lines, to the apportionment of tonnage on certain services, to the classification of commodities, to the number of ships that are to be operated by the companies

concerned, or to the division of territories between the lines. The terms of a conference may include one, or several, or all, of these provisions.

A steamship pool involves the pooling of earnings, or the dividing of profits, between the competing lines. The most important pools have been devoted to the regulation of emigrant traffic from Europe to the United States. This sort of pool was brought into prominence during the summer of 1913 because of the quarrel that broke out between the two great German trans-Atlantic companies, parties to the North Atlantic Pool, the one insisting upon receiving a larger percentage of the emigration earnings than provided by the terms of the agreement. Under these terms the North German Lloyd was to receive 57 per cent and the Hamburg-American 43 per cent of the steerage business from German ports.

The Hamburg-American demanded a readjustment of these ratios, asserting that the greater tonnage of its fleet, especially with the new ships of the Imperator class, entitled it to a larger share of the traffic. These lines are able to parcel out the emigrants among themselves through a rigid surveillance over emigrants crossing Germany for seaports. The Hamburg and Bremen lines operate ten so-called "control stations" at points adjacent to the Russian, Austrian, and other frontiers, and segregate the emigrants into batches for Hamburg or Bremen, in accordance with quotas allotted to each port under the pool agreement.

Pools may, however, involve the freight earnings of competing lines and cabin as well as steerage passenger earnings. At the present writing it does not much matter what line a passenger chooses for the journey from New

York to Jamaica, for example, as the fare which he pays goes into the treasury of a pool existing between the principal lines on this service.

2. Advantages Claimed for Pools and Conferences

Advantages which are said to result from conference agreements among shipping lines, which would be partially abolished were pooling eliminated, are thus enumerated by them:

(a) The institution and maintenance of regular and frequent sailings, by which the desire of merchants to forward their goods at regular and frequent intervals is satisfied.

(b) The provision of steamers of a higher class and speed than the ordinary tramp vessels, thus permitting merchants to obtain the most favorable rates of insurance on their shipments and to make deliveries in accordance with their advance contracts.

(c) The maintenance of rates from the United States at about the level of rates charged by lines trading from foreign countries to the ports served by the conference steamers, thus enabling American merchants to compete with merchants of other countries.

(d) The maintenance of uniform rates of freight to all shippers, large and small alike.

(e) The provision of ample facilities and tonnage, so that merchants can rely upon the forwarding and delivery of goods in respect of which they may have made, or may wish to make, advance contracts.

(f) The establishment of economies in the delivery of cargo at outports, or ports of minor importance, in which there are new or growing trades, thereby effecting savings in the cost of distribution.

(g) The provision of adequate terminal facilities which enable merchants to accumulate their shipments on the piers in advance of the actual loading of vessels, thereby saving the expense of storage in warehouses or lighters.

Although some of these claims are privately ridiculed by shippers of experience, who yet cannot be induced to put themselves on public record through undisguised fear of incurring the enmity of the lines, yet there are strong arguments in support of the principal clauses, which it is worth while explaining. In fact, it is probable that the majority of regular shippers agree that the position of the lines is justified as a whole.

(a) Regular and Frequent Sailings

The South African trade is given as an example of the advantages of regular and frequent sailings. An average of four steamers a month sail from New York to South Africa at fairly regular intervals. The cargo ships employed require about thirty days to complete this voyage, a distance of approximately 7,000 miles. Allowing thirty days for discharge at various South African ports and another thirty days for the voyage back in ballast, three months would elapse before the earliest possible return of the steamer. If the trade were worked by a single owner, he would have to furnish a fleet of twelve steamers to provide the present service. It is alleged that this would be unprofitable.

Moreover, if a steamship owner, desiring to get the best results from his steamers, were to send them from South African ports to Australia or India to get cargo for Europe (or possibly the United States) and return from Europe to New York in ballast, it would take five or six months for each vessel to complete the voyage and at least twenty-five steamers would have to be put into that trade. It is asserted that no one owner is in a position to do this and that it requires the combination of a

number of owners operating various trades to all parts of the world, working in close alliance and exchanging sailings as it may be necessary, or as ships of one owner are delayed or happen to be more readily available.[4]

(b) Higher Class and Speed of Vessels

In a large and developing trade all classes of boats are required: Costly passenger and mail boats, medium fast freight boats, ordinary freight boats, and specially constructed boats (e. g., with refrigerator space). The agent for a prominent South American line argues that if these various classes of boats are in a pool or partnership, each special class is willing to go ahead and perform its special duty without envying the class that is a little higher up, or without waiting until a particular class of boats fills, if the good of the trade requires frequency of service. It is only under such an arrangement that separate owners will act thus disinterestedly and get their pay out of the common whole.

In the absence of a pool, each boat or line being on its own merits, the temptation is irresistible to make the most money possible out of a particular boat. An ordinary freight boat will constantly try to get the class of freight that belongs to the fast freight service, and boats that should sail at ten-day intervals will hold over and wait for cargo, thus disarranging service and systems. Unless the steamers of all lines serving a particular trade are of equal type, speed, and equipment, equal rates cannot be maintained by all, as shippers will not give their highest-class merchandise, which is the better-paying cargo, to the inferior boats. The less desirable boats could obtain

[4] Proceedings, pages 283 and 1359.

only the less desirable and less remunerative cargo. By means of pooling, the weaker line is compensated for its failure to obtain a fair share of the more remunerative goods and, by co-operating with the strong line, adds to the total of the shipping facilities which the trade may reasonably require.[5]

(c) Equalizing American and European Rates

The testimony of practically every witness before the Committee of the House of Representatives proved that rates from the United States in many, if not all, the trades are fixed in competition with the rates of lines trading to the same points from foreign countries and on a parity with those rates in most cases. The conference lines declare emphatically that it is in their interest to fix a price for transportation that will develop and increase the American product, for an unreasonable rate of freight would curtail shipments and act automatically to the detriment and loss of the lines.[6] Similarly, conferences between European lines to the Far East, etc., made equal rates from British and Continental ports. By agreement between the lines concerned, freight rates from Hamburg and Liverpool, for example, to Yokohama, are practically identical. When a German line two or three years ago established a service to the east coast of Africa, considerable perturbation was manifested in British circles. A quick agreement, however, was reached between the German and the British lines, resulting in identical freight rates.

[5] Proceedings, pages 975, 1368, etc.

[6] Proceedings, pages 1359, 1362, 1366, and testimony of all witnesses.

(d) Uniform Rates of Freight

The conference people contend that, as a matter of policy, it is not to the interest of the steamship lines to make the large shippers still larger, but yet it is necessary to reckon with the demands which large shippers are in a position to make. When their shipments are large enough to justify the chartering of tramp steamers, large shippers (the oil, steel, and harvester "trusts," etc.) are in a position to enforce rates which are generally somewhat below the current charter rates. The class of merchandise shipped by the small exporters is ordinarily of an entirely different nature, consisting of articles of greater value, which can readily pay an increased rate of freight.

It is pointed out that railroads are permitted to charge a higher rate for less-than-carload lots and to make classifications based on the nature and value of goods shipped, charging higher rates on goods of higher value. As a rule, however, the steamship lines obtain the same rate of freight from all the smaller shipments and no differential rate is made on account of the difference in value. If the large shipments referred to could not be secured, the smaller shippers would have to pay enhanced rates of freight and would suffer from the necessary curtailment of sailings. Some of the leading men in New York shipping circles have said that the only alternative to the conference or pool, to ensure regularity of service, etc., is the system of long-term special contracts with individual shippers, at such rates as might be possible in each case. This system is regarded as iniquitous and leading to chaos. "It is the constant experience of lines that the small shipper of today becomes the large

and powerful shipper of tomorrow, and the line which would neglect or oppress him when weak can hardly expect his support when he becomes strong."[7]

(e) Ample Facilities and Tonnage

Under unrestricted competition several ships may sail the same day or the same week, destined for the same port or ports, and consequently there may be no other sailing for a considerable period. When lines are working in co-operation they agree not only as to the time of sailing, but as to the ports, thus avoiding the waste involved in several ships calling at ports which require only one, and giving an excessive tonnage on one date and a corresponding lack of tonnage at other times.[8]

(f) Reaching Ports of Minor Importance

On most so-called long-voyage routes there are a number of ports of destination. An owner attempting to serve them all would not only increase his expenses enormously, but would also cause dissatisfaction to the receivers at the later ports of discharge because of the undue length of voyage.

"In order to compete with Europe at European rates several services must be run on each route. The traffic must be handled not only in the most economical, but also in the quickest manner possible. Therefore, the tendency would be for an individual line to avoid calling at the less important ports, in order to obviate loss of

[7] Proceedings, pages 1365-7.
[8] Proceedings, page 1362.

time, extra steaming, and additional port charges. If, however, a line knows that it will be compensated by its associated lines, it will serve the undesirable ports of call as frequently as the trade may reasonably require. Without pooling, this country would be without communication with many comparatively unimportant ports throughout the world. Unless the different owners are permitted to equalize the results of these various voyages each would have to resort to the system of visiting all ports (requiring advanced freight rates) or but a few ports."[9]

Such are some of the discussions advanced in support of their practices by members of the conference steamship lines. That several of the points made are strong, if not convincing, is not to be denied. What of the reverse argument?

3. Objections to Shipping Conferences and Pools

The Resolution[10] adopted by the House of Representatives, under which its Committee on the Merchant Marine and Fisheries pursued its investigation of 1912-13, discloses in its terms the suspicions entertained as to the beneficent effects of pools and conferences. Briefly, the Committee was instructed to determine (1) whether agreements, pools, and conferences exist among shipping companies; (2) if so, whether for the purpose of fixing rates, giving rebates or special rates, dividing earnings, or preventing and destroying competition; (3) if publication of methods, rates, and practices in the United States is prevented; (4) whether vessels engaged in our

[9] Proceedings, page 1368.

[10] House Resolution 587, Sixty-second Congress, second session.

foreign commerce are subsidized by foreign nations; (5) to what extent lines of ships are controlled by railway companies or by other shipping companies; (6) whether methods or practices of foreign steamship lines are in contravention to our commercial treaties or in violation of our laws; (7) what effect such practices have on the commerce and freight rates of the United States, etc., etc.

Facts, already known, were proved by the testimony taken, viz., that conferences and pools do exist; that they do fix rates, give rebates (now in only a few services), pool earnings, and attempt to prevent competition; that some lines are subsidized by foreign nations (although the Committee seems to have lost sight of this feature in its instructions and no information of value was brought out); and that a very limited number of lines are controlled by railway companies. But the legality of methods and practices and their effect on our commerce and freight rates were points not brought out in a manner at all satisfactory to the investigators.

(a) Conferences Dictate Freight Rates

It happened that the investigation was carried on at the time when the highest ocean freight rates known in years were ruling and very limited attention was paid to inquiries as to whether rates, as admittedly fixed by conference lines, were equitable or not. The steamship men claimed they were and pointed to the facts that increased rates were not confined to lines serving this country alone but were caused by the increased volume of exports and imports all over the world; that tramp steamers control freight rates on all bulk articles; and that the factor most largely instrumental in raising the

rates of the lines was the great increase in the chartering value of tramps, due to the world-wide demand for all available tonnage of that character. It seems clear enough, however, that conferences and pools naturally and inevitably will, under all circumstances, maintain rates at the highest point deemed consistent with conditions and not likely to restrict trade. Stability and uniformity of rates thus secured are undeniably advantageous, although it may be doubted if shippers, did they feel free to express themselves, would unanimously endorse that economic doctrine.

The conference lines plead that they establish their rates on freight from ports of the United States to foreign ports on the same or approximately the same basis as rates from Europe to the same ports, thus enabling American merchants to compete with merchants of other countries. In the main, their contention is actually the fact. Statements that rates on American goods are higher than rates on similar commodities from England or Germany are constantly encountered. However, they are never backed by evidence that will bear investigation; in fact, evidence of any sort is infrequently, it may be said never, presented. In the great majority of cases it is certainly true that rates from the United States compare favorably with rates from Europe.

Many complaints of discrimination in freight rates against American and in favor of European shippers reach the "American Exporter," with which the author is connected. That publication has tried to investigate those that seemed to be preferred intelligently and in good faith. In not one single instance has it ever succeeded in obtaining documentary evidence or aught save the bare word of complainants.

To satisfy himself as to comparative ocean freight rates in general, the author some time ago induced friends in London and friends in Berlin to secure rates from England and from Germany at the same time that rates were secured in New York on a hypothetical shipment of a specified quantity of machinery that is manufactured in all three countries, packages, weights, measures, and values as well as approximate time of shipment being carefully calculated and identical in each case. The inquirers for rates were established merchants, accustomed to shipping, whose requests for quotations could occasion no suspicion on the part of the steamship companies as to any ulterior motives. The rates thus obtained are set forth in Figure 20 and may be accepted as actually representing competitive positions of shippers in these countries at the time in question.

The principle involved in the foregoing discussion, equalizing of rates, is not per se a true or scientific basis for the establishment of freight rates. It is purely arbitrary and may, or may not, be fair and just. Furthermore, it is seriously to be doubted if the steamship companies' contention is well founded that rates made on the basis of cost and character of the service performed, plus a reasonable profit, would result in an enhancement of American rates.

The man familiar with conditions is likely to question the justice of equal rates from New York and from Liverpool to Jamaica, for instance. Then, if this principle is maintained, what is going to happen to rates from New York to New Zealand after the opening of the Panama Canal? Will they still be maintained on the European basis when Auckland is brought 4,000 miles nearer New York than to Liverpool?

To	From New York	From England	From Germany
	Per Ton, Weight, or Measure	Per Ton, Weight, or Measure	Per 1,000 Kilograms or 1 cu. Meter
Constantinople ..	20/-[1] + 5%	20/- + 15%	
Alexandria	20/- + 5%	22/6 + 10%	
Sydne, ...	42/6 net	37/6 + 10%	38 1/2 M.[2] - 10%
Yokohama	40/-	42/6 + 10%	42 1/2 M. + 10%
Shanghai	40/- — 10%	45/- + 10%	45 M. + 10%
Calcutta	25/-	15/- + 10% 17/6 + 10%	48 M.
Durban	40/-	30/- + 10%	
Rio de Janeiro..	$10. + 10%	45/- + 10% and 7/6 net	41 1/2 M. per cu. meter
Buenos Aires ...	$6.40	32/6 + 10%	25 M. per cu. meter
Valparaiso	26c per cu. ft. + 5%=$10.40	50/- + 10%	52 1/2 M. less 10% meter
Genoa	15/- + 5%	15/-	
Barcelona	25/- + 5%	20/- + 10%	30 M.

[1] 20/— = 20 shillings, no pence.

[2] M. = marks.

German rates are quoted in marks per cubic meter (35[4] cubic feet) or per 1,000 kilograms (2,205 pounds) and in order to compare on exactly even terms with other rates should be increased by a small fraction, although the mark may be taken as practically identical in value to the shilling.

Fig. 20.—Comparative Ocean Freight Rates from New York, England, and Germany to Specified Ports

On the whole, however, it is not to be denied that American exporters and importers have fared very well at the hands of the conferences and but few of the broad-gauge, large-calibre men among them will be found complaining of existing conditions or facilities. Meanwhile, the lines profess themselves always ready to remedy inequalities in service or rates that may be brought to their attention and there seems no good reason to doubt their good faith in such professions. Evidently, the shipping business is not, and cannot be, subject to the same degree of efficient management as a factory or railway system.

(b) Preferential Rates

As to the granting of special rates to big shippers the evidence brought out at the investigation was rather surprising in the few instances of this practice which were proved. Indeed, one of the strongest features of conference agreements among the lines seems to be the highly independent attitude they are enabled to assume. None the less, they face the constant menace that big shippers will charter tramps for full cargo shipments, rather than spread their tonnage over a term of weeks or months in patronizing liners for smaller individual shipments. Moreover, in some cases, new and trial services are absolutely dependent for support on the bulk cargo supplied by some of the trusts.[11]

(c) Railroad Influence

That familiar bogy, "railroad ownership" has projected itself into even the operations of steamships in foreign trades. It is certain, however, that no matter what the relations existing between a railroad and a steamship line are in such trades, serious effects on commerce in general are not to be discovered or anticipated. A railroad, or, more likely, two or several railroads, may control the foreign commerce of a particular port through ownership of terminal facilities, but the nationwide movement toward municipal control of harbor facilities bids fair to abolish completely such conditions. Then, too, the number and proximity of good harbors along the coasts of the United States ensures such fierce rivalry between the various cities that any considerable degree of railway domination of that foreign commerce is an obvious impossibility.

[11] See Proceedings, page 340 re. New York-Java service.

On the other hand, efforts of railroads to obtain overseas' facilities and outlets for their freight have resulted in large additions to our foreign steamship services. What is known as the International Mercantile Marine Company developed from two steamship lines originally started by American railways, namely, that which in recent years has been known as the American Line, originally established by the Pennsylvania Railroad for the transportation of its freight from Philadelphia to Europe, before the road had obtained an exit at New York, and the Atlantic Transport Line, which was originally started by the Baltimore & Ohio as its trans-Atlantic outlet from Baltimore.

The Pacific Mail from San Francisco to Central America and to Japan and China is a Southern Pacific Railroad enterprise. The Pacific Coast Steamship Company is a Great Northern Line, as is the Oriental service which takes the railroad's name, still operated, though of late with only one vessel. (Two new ships are said to be building for it.)

The Chesapeake & Ohio established the line from Newport News to Europe, which until recently bore its name. The Louisville & Nashville is responsible for the development of Pensacola, Fla., as a port. The Philadelphia & Reading has operated a line from Philadelphia to Europe and the Illinois Central is responsible for much of the great development at New Orleans, while the influence of other railways at Texan ports is well known. The Erie Railroad, it is said, has for several years been back of an independent line from New York to Holland, reported to be the Uranium Steamship Company, which was recently brought into public notice by the burning of one of its boats, the Volturno. According

to common report, this line has had a rather severe struggle for existence in opposition to the conference lines, being able to obtain comparatively small percentages of the emigration traffic and freights from Europe.

(d) Conferences Aim to Kill Off Competition

In preventing and destroying competition lies one of the strongest charges in the indictment of pools and conferences. Not the smallest doubt exists as to the intentions of lines working in agreements or as to their actual methods in this regard. Besides endeavoring so to fix freight rates, arrange sailings, and regulate traffic in general as to make their enterprises profitable, the companies concerned in conferences or pools generally attempt to forbid the establishment of new or competing lines. Repeated complaints of the practices of the older companies in their efforts to drive away newcomers have been entered by owners and agents desirous of establishing a new service in competition with existing lines.

As a rule, the newcomer in any given trade is obliged to fight his way to admission into the conference, yet sometimes when the new line is backed by experienced, practical shipping people with plenty of money, the old lines deem it wiser to yield at once. That result is, of course, all that the independent wants, since he is not assuming the position of a charitable institution and operating his ships for the benefit of the public. He seeks only a fair share of what he thinks is, or may be, a profitable business.

In the majority of cases the result has been the admission of the independent line (sometimes after fights

lasting as long as ten years). Few instances, comparatively speaking, are recorded of a new line being actually forced out, those few having, for the most part, been started by amateurs or without sufficient financial backing. In principle, steamship lines do not want fights. "They mean an enormous amount of work and worry. Nobody has any idea of what we have sometimes gone through when we were carrying freight at $2 a ton 16,000 miles, the rate of freight you pay when you want to ship cargo from New York to Newport News. We do not want it at all. We would rather not have a fight."[12] Yet the steamship man who makes this statement acknowledges that as a rule the lines do fight to drive a competitor out rather than take him peacefully into their agreement.

The point is well illustrated by the history of the New York-Caribbean Lines. Until about 1900, the only regular line serving the trade between the United States and this district was an English corporation known as the Atlas Line. This company was old-fashioned, unprogressive, and was making no money. Its ships were antiquated and inadequate for the trade. The Hamburg-American Line then purchased the company, rejuvenated the line, and put the steamers under the German flag. About five years later, just about the time that the venture was beginning to become profitable for the German line, the Royal Mail Steam Packet Company determined to extend its service, then running between England and the West Indies, on to New York, thus competing with the Hamburg Line. A rate war ensued which lasted for two years. At the end of this period neither company had succeeded in eliminating the other. The

[12] Proceedings, page 313.

natural result was that they came together. Trade grew rapidly and both companies were able to prosper.

At this juncture the United Fruit Company decided to go into the steamship business as a common carrier to handle passengers and general merchandise as well as its own products. The Hamburg and the Royal Mail lines, as partners in the trade, decided to admit the United Fruit Company without a protest, because both knew the folly of attempting to fight an organization of the latter's experience and resources.[13]

(e) "Fighting Ships"

But there is a still more serious aspect of this disposition on the part of established lines working under agreements among themselves; recourse is sometimes had to "fighting ships," which some of the shipping people themselves condemn as unjustifiable and illegal.

Various lines, when engaged in an attempt to starve out a would-be competitor, have secretly put chartered and nominally independent boats on the berth in a disputed port. These boats cut freight rates far under quotations of the competing boat then loading for the same port of destination. It remained, however, for some of the great German lines to formulate this practice into a business.

There was organized in Hamburg in 1905 what is known as the Syndikats-Rhederei, nominally a ship-owning company whose vessels are for charter in the ordinary way, when not required by any of the real owners of the company for fighting purposes. It is perfectly well understood, if not generally and publicly acknowl-

[13] Proceedings, pages 543-4.

edged, that the company in question was formed and is still owned by six large Hamburg steamship lines [14] and that its object was to supply apparently independent vessels to the owners when required to meet competition and drive it away. Such vessels would bid against ships of a new line in any trade in which the owner-companies were interested, taking the bulk cargo and thus bearing the stress of the competition, while the ships of the parent company would so far as possible maintain regular rates on higher class goods. In at least one instance of an attempt of a competitor to enter the trade between Europe and Cuba and Mexico, these fighting ships seem not to have been entirely successful, for the newcomer was finally admitted to the conference. It is, however, acknowledged that the practice is indefensible and must be abolished.

(f) Deferred Rebates

One of the favorite weapons of a steamship conference in endeavoring to ensure patronage of the conference lines by shippers, has been the so-called rebate system, properly the "deferred rebate." Under this system shippers by the conference lines have been given a rebate, usually of five or ten per cent on the amount of the freight moneys that have been paid at the end of

[14] The capital of the Syndikats-Rhederei is said to be $1,428,000, contributed as follows (Proceedings, page 825):

Hamburg-American Line	$785,400
Hamburg-South American Line	166,600
German Steamship Company	154,700
German-Australian Steamship Company	130,900
C. Woermann	119,000
German East Africa Company	71,400

six months or a year; this is done providing they have meanwhile restricted their shipments exclusively to boats of the conference lines and have made no shipments by competing lines.

Owing to the actual institution of suits by the Attorney General under the Sherman Law, the rebate system at ports of the United States is understood to have been practically done away with, although it still exists in some other countries.[15] According to the conference lines, "The system of deferred rebates to loyal shippers has none of the evils of the secret rebate which was formerly employed by railroads. Rebates which exist in certain trades from distant countries to the United States are open and public. Any merchant may obtain the benefit of this published allowance by complying with the terms of the circulars.

"Under this system large and small shippers are treated absolutely alike. * * * Under that system the merchant signs no agreement binding him for the future. He is only bound to the extent of his accrued rebate. Except for this measureable sacrifice he is a free agent and can always avail himself of any opposition that offers him advantages sufficient to compensate him for his loss of rebates, and is also in a position to obtain from the conference lines the advantage of any fall in current freight rates during the period covered by the rebate agreement. Under a contract for the shipment of a fixed quantity, or for all shipments made within a fixed period of time, the merchant fetters his future action and is deprived of all opportunity to avail himself of

[15] A rebate of 10 per cent is still paid to United States shippers to Kingston, Jamaica, by the Royal Mail, the Atlas Service, and the United Fruit Company.

lower rates which may be offered in or out of the conference during the period that would otherwise be covered by his agreement." [16]

How powerful a weapon the deferred rebate is in the hands of a shipping conference will be immediately recognized. While the occasional or haphazard shipper has no need to worry about shipping facilities, the regular and large shippers—the people upon whose patronage the lines depend—demand for the successful conduct of their business regular sailings of ample tonnage.

Often enough new lines attempting to enter a market cannot begin to supply the service that is regularly furnished to that market by the old and well established companies. To forsake the old companies, to surrender his accrued rebates due from them, and render himself liable to their boycott by passing his shipments to the new non-conference line, constitute a step that the cautious business man hesitates to take, no matter what the immediate inducement in lower freight rates may be. There is seldom any assurance that a newcomer in the trade will be permanent. He may try to obtain a footing, but may give up the effort after a few months. For such reasons the non-conference line always has a difficult task before it and one that usually occupies many months if not years and may involve losses aggregating many thousands, possibly hundreds of thousands of dollars.

In a way, the deferred rebate system may be likened to what is known as a "lock out" in industrial disputes. It is doubtful if a shipper who has once deserted the services of a conference to patronize an independent line would be welcomed back by conference ships, at least

[16] Proceedings, page 1369.

immediately and without friction, unless the independent line might meanwhile have entered the conference carrying the rebellious shipper along with it.

Conferences frankly acknowledge that stability of rates is one of the principal results justifying their existence. The freedom, enjoyed by shippers under the rebate as opposed to the contract system, to avail themselves of such lower rates as may be put into effect by the conference lines, does not seem a particularly alluring argument. As a matter of fact, it is to be doubted if exporters and importers regard the deferred rebate as anything else than a club wielded by a conference to command their loyalty and virtually to prohibit their freedom of action. This has been emphatically the case with South African importers.

It must not be forgotten that, as a rule, rebates ultimately accrue to the benefit of foreign importers, not the original shippers. The man who buys goods not only pays the freight but dictates the route by which the goods shall be shipped. Knowing the deferred rebates in force, refunded by the lines to the shippers who have prepaid charges and invoiced them to customers, the importers abroad naturally demand from the shippers their pro rata share of such rebates.

4. Experience in Abolishing Rebates

In South Africa there has been for a long time a strong popular prejudice against the deferred rebate system. Upon the formation of the Union Government the question was made a political issue. Under pressure of a threat to withdraw the mail contract, the principal line from Great Britain to the Cape yielded and abandoned

the rebate system. The other six lines engaged in South African trade shortly afterward decided it would be impolitic to continue the system in the face of the Government's hostility.

All, therefore, united in adopting a form of mutual agreement under which the merchants agreed to confine their shipments to the regular lines already engaged in the trade. The shipowners also undertook, so long as they should receive that support, to maintain uniform rates of freight then mutually agreed upon and to provide the same regular services as before. No penalties were provided; both parties were simply put on their honor. Provision was made for withdrawal from the agreement at short notice in the event of outside competition disturbing the stability and equality of freight rates.

The invitation to sign the agreement was extended until August 11, 1913. New rates on a few items were at once put into effect, but on most were deferred until September 1, 1913. Class rates were abolished and increases were limited to a maximum of 5 shillings per ton on rates of 30 shillings and upwards, 3 shillings 9 pence on rates of 25 shillings to 30 shillings, and 2 shillings 6 pence on rates below 25 shillings. It was further provided that in each instance and would be accepted only on the conditions that there be time and space for loading after the goods of the contractors had been cared for.

In view of the general opposition to the rebate system, it will be of especial interest to watch developments under the new South African arrangement. Many merchants condemned it from the start as merely a manouver for political prestige in which the conference got the best

of the Government, yielding on the rebate question but with freight rates heavily increased. Yet between ninety and ninety-five per cent of South African merchants signed the agreement.

Shortly after the new rates went into effect, in September and October, 1913, complaint was made that the mail line was guilty of infractions of the South African Post-Office Act in declining to forward to South Africa certain merchandise shipped by parties not under contract with the company. The line defended itself by referring to the clause above referred to and declaring that there was no room available for the non-contractors' goods. The Government of the Union of South Africa, however, decided that the matter must be put to arbitration. Three members of the legal profession were to be selected, one in London, one in South Africa, and the third by mutual agreement of both parties. There the matter rests, at the time of writing.

Meanwhile, the minority of South African merchants, who had not signed the agreement, led by one of the largest and most pugnacious importers, has been threatening to charter its own steamers and to establish a new and independent line. These merchants have attempted to make arrangements with outside shipowners under a three years' agreement providing for a fortnightly service and guaranteed lower rates of freight.[17] The latter provision is regarded as absurd, since a rate war is almost certain to follow the start of a new and non-conference line. Similar threats have been made before and possibilities of South Africa and Australia combining to establish a line have been discussed. The

[17] *The Times*, London, November 7, 1913.

trade and secular press of England point out the fact that while the new agreement was made largely for the sake of ensuring uniformity of treatment and rates for all, yet here is an element in the commerce of South Africa that demands for itself something better than its neighbors. Thus far South Africa, its Government, and its merchants, cannot be said to have emerged with flying colors from their skirmish with the conference lines. It is evident, however, that human nature is much the same, whether in a shipowner's or a merchant's office.

5. Commerce not Monopolized by Conferences

A general impression seems to exist that the shipping business of the United States is dominated if not monopolized by conferences and pools. Sometimes the absurdly broad statement "a foreign shipping trust" is used. Figures adduced in evidence in the anti-trust suit of the United States Government against the Prince Line, the Lamport & Holt Line, and the Hamburg-South American Line, constituting the American Brazilian Steamship Conference, are interesting and instructive in this connection. The conference in question has been bitterly attacked and has borne the brunt of much of the publicity directed against all conferences. It ranks among the strongest of steamship combinations. An outside line, the Lloyd Brazileiro, has for some time been competing with it between New York and Brazilian ports. It is admitted, that this line which is owned and operated by the Brazilian Government has lost $2,000,000 in six years. Most of the vessels operated are only chartered. There are several other services besides the one between New York and Brazilian ports, including some on the Brazilian coast.

The Lloyd Brazileiro attracts outward cargo from New York by cutting rates under those of the conference lines.[18] The system of deferred rebates operated by the conference makes it practically impossible for this line to secure return cargo from Brazil. Although a national Brazilian enterprise, it secures only a little of Brazil's great export, coffee. It carries this product for only one extremely independent New York coffee importer, who will not under any circumstances patronize conference vessels (usually preferring to charter his own boats). The Lloyd Brazileiro is thus shut out of its natural trade in coffee in spite of quoting a rate as low as 26 or 32 cents a bag against conference rates of 45 to 50 cents.[19] Thus we see how strong a hold the conference has on the Brazilian situation.

Nevertheless, the lines that are thus so firmly bound together in the conference are far from controlling the American-Brazilian trade. The United States Government attorneys, in the anti-trust suit referred to, on October 14, 1913, put in evidence data compiled by an expert in their employ, the results of three months' work, analyzing from outward manifests the traffic from New York to all Brazilian ports served by the conference lines. One of the tables submitted contrasted the cargo carried by the Lloyd Brazileiro, the conference lines, and

[18] For example, 14½ cents per cubic foot on 12,000 tons of car material, when the conference lines asked 15½ cents. Testimony of J. J. Slechta, New York agent for the Lloyd Brazileiro, reported in the New York *Journal of Commerce*, October 15, 1913.

[19] Proceedings, page 43.

sundry vessels outside the conference, in cubic feet, as follows:

Year	Lloyd Brazileiro	Other Steamers Outside Conference, Tramps, Etc.	Total All Steamers
1908	4,347,360	313,960	9,528,822
1909	4,709,560	.....	10,654,676
1910	4,696,400	202,400	13,202,202
1911	6,533,360	510,544	15,588,191
1912	7,134,640	1,984,508	20,139,706

It appeared from the tables that the percentages of the total cargo moved from New York to Brazil during the years 1908-12 were:

Conference lines	55.8 per cent
Lloyd Brazileiro	39.8 per cent
Other steamers	4.4 per cent

In other words, nearly one-half of the shipments of American goods to Brazil is carried in non-conference ships. No figures are available on the percentages of imported goods from Brazil carried by each of these lines.

6. Trade not Restricted by Shipping Agreements

From the elaborate tables compiled by the Government's expert in the suit against the Brazilian conference, the growth of American exports was also demonstrated. Thus, in volume, the cargoes carried by the three conference lines from New York to Brazil more than doubled in five years. This table reads:

Year	Cubic Feet	Amount of Freight	Average Rate per Cubic Foot
1908	4,867,502	$ 707,876	$.145
1909	5,855,116	855,779	.146
1910	8,303,402	1,239,201	.149
1911	8,544,287	1,797,041	.21
1912	11,020,558	2,646,269	.24

Statistics of the Department of Commerce show an increase in value of exports from the United States to Brazil for the same years, as follows:

1908	$19,364,238
1909	17,444,759
1910	22,764,183
1911	27,150,672
1912	34,587,050

In view of figures such as these it will hardly be contended that the Brazilian Steamship Conference has seriously handicapped the development of American export trade to that country.

In 1908 the United States exported merchandise worth $1,860,000; five years later, in 1912, $2,204,000 worth, figures that for 1913 (fiscal year) were increased to $2,465,000. If it be argued that this magnificent development has been accomplished in spite of an unfavorable influence of agreements between shipping companies, the reply must be that other countries, notably Great Britain and Germany, have also similarly increased their overseas markets. These countries, as well as all other countries the world over, are subjected to precisely the same shipping conditions. There is no secret about this—it is a proved, as well as an acknowledged, fact.

There is and can be no such thing as one great trust, embracing or controlling the shipping of the whole world. Nor are the various agreements merely parts of one whole. Each conference group operates in its own particular field, without regard to any interest one of its constituent companies may have in any other field. A line may be a member of a conference operating in the China-Japan trade, but when working a different service, it operates independently or in accord with another conference.

One well-known line is a member of the eastbound conference in the Far Eastern trade, but fights the westbound conference in the same trade. Some of the lines engaged in conferences are European lines working in several different trades both from Europe and from the United States; others are strictly American companies with no interests whatever except trades from and to, our own ports. The Hamburg-American Line operates the Atlas Service between New York and Jamaica, but it has no service from Europe to Jamaica. The Prince Line (an English concern) operates services from New York to Brazil and from New York to South Africa, but it has no European services to those markets.

The great combination engineered by the late J. P. Morgan, known as the International Mercantile Marine Company, was formed primarily, it is believed, because of losses incurred from competing freight rates. This company purchased (at grossly inflated prices) a number of competing lines, including perhaps one-third of the tonnage engaged in the North Atlantic trade; yet it failed signally to control freight rates or even materially to affect them. One reason, perhaps, may have been the refusal of the Cunard Line to join in the great combination. In any case, instead of being a dominating influence, the great fleet of the International Mercantile Marine Company has virtually been reduced to a single element in the conferences which control the North Atlantic situation.

The varied directions in which shipping interests are engaged furnish additional evidence against the fanciful theory that European shipowners attempt to kill American foreign trade. Several European companies

operate services from our ports purely as money-makers, reaching markets in which those companies have no other interests. If a question arose as to advancing rates to such ports beyond a parity with European rates, thus in all probability restricting cargo offerings, it is a certainty that such owners would work for lower rates on the American goods, because it would be for their interests to do so.

7. Government Investigations

The United States is not a pioneer in its investigation of shipping combinations. Beginning in 1906, a Royal Commission in England sat for many months taking testimony as to the operations of "Shipping Rings." The majority report was not unfavorable to conferences and pools; in fact, the report distinctly commended them in those respects in which, in our own investigation, the conference people have claimed their justification lies. That report concludes, paragraph 169:

> (1) The advantages conferred by shipping conferences are substantially dependent upon the system of deferred rebates, or some system equally effective, as a "tie" upon the shippers and equally uniform in its application. (2) If the rebate system were abolished, shipowners would endeavor to secure the custom of shippers by making contracts with them covering long periods. (3) The contract system would in large general trades lead to the making of preferential contracts with large, at the expense of small, shippers.

A little over three years were spent in this investigation, and in the end the report was a divided one, leaving matters exactly where they were before, so far as any

attempt at regulation was concerned. The majority report, however, confirmed the claims of advocates of the conference system as to these advantages: (a) Regularity and high class of service; (b) stability of rates; (c) maintenance of equal rates from the United Kingdom and the Continent; (d) economy in distribution of cost of service; (e) uniform rates to all shippers; (f) no cargoes to be carried for ship's account (a practice seldom known in the American trade).

The importance attached to having some form of agreement between lines is illustrated in the evidence given before our own House Committee. It showed that the United States Government itself is virtually a member of the Caribbean conference. This Government owns the Panama Steamship Line and has entered into agreements with competing lines from New York to the Isthmus as to classifications of commodities and the maintenance of agreed freight rates.

8. Government Regulation or Control

The real question as to steamship conferences is not whether they shall be permitted to exist or not, but how, and to what extent, they may be regulated by legislation. Referring to the subject of government regulation, the United States Commissioner of Corporations has said:

> The interstate commerce acts have been applied only in a limited degree to carriers by water; and it is uncertain how far the provisions of these acts, as to rates and carriers' liability, are intended to apply to water lines. This is in marked contrast with the close supervision over vessels, and their officers, for the protection of life. In this latter respect, water traffic has long

been far more closely regulated by government control than railroad traffic. The detailed strictness with which construction, operation and maintenance of vessels is watched by the Government, and its complete system of inspection thereof, is in very marked contrast to the almost complete absence of such control over railroads. This difference also has borne with some disproportionate weight on the water traffic. On the other hand, government control of rates has been much more complete over railways than over waterways.[20]

The main object of railroad regulation by the United States Government is to protect the public by controlling combinations of carriers. It is believed, however, that it will be found absolutely impossible to exercise any control whatsoever over ocean freight rates. They are not a national, but an international, question; nor do they concern only two governments. Moreover, rates on bulk commodities—grain and cotton, for example—fluctuate from day to day. This is true not only in the United States, but in Argentina, India, Europe, and all competing countries. The ocean-carrying trade of the world is performed by ships flying many different flags. The Congress of the United States can pass laws protecting the lives of passengers and crew; to determine the responsibility of carriers; in regulation of our ports; and to guard the public health. What it can do to supervise, if not regulate, ocean freight rates and combinations among lines, is a question which our statesmen have not yet been able to solve. No one has yet suggested a law that would apply to regular lines and not to tramps, whose erratic movements place them beyond control.

In the early months of 1913 some more radical members of the Lower House of Congress discussed the pos-

[20] *Transportation by Water in the United States*, report of the Commissioner of Corporations, Vol. I, page 16.

sibility of barring from ports of the United States any vessels which it could be proved belonged to companies bound by conference agreements. Inquiring of a practical shipping man, an American connected with an American steamship company, who was on the stand before the House Committee Investigating Shipping Combinations, why such a procedure would not be satisfactory, one such Representative was met with the quick rejoinder: "Then you would ruin your own commerce. If you should debar the foreign ships from American ports for one month you would have the worst financial condition the country has ever seen." [21]

The natural effort of shipbuilders to obtain all the work they can handle tends to a constant over-supply of vessels. The natural desire of shipping companies to take advantage of periods of prosperity and handle, through their own vessels, as much as possible of the freights that are offered also tends toward this result. The increasing severity of competition on the water has only kept pace with the enormous development in all international trade.

There is little wonder that the steamship lines have found it greatly to their advantage to arrange between themselves for the regulation, if not the control, of elements in the shipping business which, if unrestricted, would prove disastrous to many of them. However, steamship owners are human, and the history of conferences demonstrates that agreements exist only to be broken. They have a constantly shifting membership and periodically fall to pieces, to be re-formed or succeeded by new combinations after more or less serious battles.

[21] Proceedings, page 897.

In a paper published in 1902 by the American Academy of Political and Social Science, the following extract appeared:

> It is folly to shut our eyes to unmistakable facts or to stand in the way of inevitable events. Doubters may deride, demagogues denounce, and ignorant lawmakers strive to build up barriers, but neither agitation nor protestation nor legislation can stop the growth nor prevent the advance of universal federation.

On October 13, 1914, the United States District Court at New York rendered a decision practically dismissing the government suit against the Trans-Atlantic Pool. The following paragraphs from this decision are notable:

> In view of the peculiarities of ocean transportation the method adopted by the defendants is a reasonable one, which so far from restraining trade really fosters and protects it by giving it a stability which ensures more satisfactory public service for all concerned.
>
> Without this method or something like it there would be, in the language of the Committee on Merchant Marine & Fisheries of the House of Representatives in Congress, one or other of two results: "The lines would either engage in rate wars which would mean the elimination of the weak and the survival of the strong, or to avoid a costly struggle they would consolidate through common ownership";—either would mean monopoly as effective and it is believed more so, than can exist by virtue of (this) agreement.

Most serious students of the shipping question—those men who know the situation in a practical way and those who have studied it impartially, with no axe to grind—seem disposed to support the contention of the steamship companies themselves, that their co-operation for the regulation of competition is necessary. How far that co-operation is to be trusted or tolerated without legal re-

strictions of some sort is, of course, quite another question. He who sympathizes most thoroughly with the position of the steamship people will not be the last to agree that possibly an international commission, including England, the United States, Germany, and France, may be able to devise some form of control that will be fair and equitable and possible of enforcement, because international.

TEST QUESTIONS

1. What are some of the mistaken popular impressions concerning shipping agreements?
2. Why are combinations possible among the regular liners and not among tramps?
3. Would you call a steamship line a public utility? In what respects does it differ from a railroad?
4. Are shipping agreements general in all the principal maritime nations?
5. What are some of the chief combinations among ocean carriers trading to and from ports of the United States?
6. Distinguish between a steamship conference and a pool.
7. What are some of the advantages claimed for pools and conferences with reference to (a) regular and frequent sailings, (b) higher class or speed of vessels, (c) equalizing American and European rates, (d) uniform rates of freight, (e) ample facilities and tonnage, and (f) reaching ports of minor importance?
8. What are the objections to conferences and pools with reference to (a) the dictation of freight rates, (b) preferential rates, (c) a railroad influence, (d) competition, (e) fighting ships, and (f) deferred rebates?
9. Explain how rebates ultimately accrue to the benefit of foreign importers and not the American shipper.
10. To what extent is commerce monopolized by conferences?
11. What information has been brought to light by various governmental investigations regarding shipping combinations?
12. To what extent do the interstate commerce acts apply to carriers by water?
13. Why is governmental regulation of ocean shipping more difficult than governmental regulation of railroads?

CHAPTER VIII

HANDLING EXPORT AND IMPORT SHIPMENTS

Formalities connected with shipping goods to foreign countries are actually simple and quickly mastered, although at first the details involved may impress one not familiar with this form of commerce as somewhat complicated. Exporters having their headquarters or a competent agency at a seaport out of which ships sail for those parts of the world in which they are particularly interested, find little difficulty in learning and carrying out by themselves the routine involved. The usual practice of other shippers is to employ forwarding agents at convenient ports who relieve them of all detail. For the exporter, however, the way is made easy, and an ordinary clerk of fair intelligence usually learns, after one or two experiences, to carry out satisfactorily those details that are of purely mechanical routine.

On the other hand, complications attending the getting possession of goods imported from foreign countries are numerous and exasperating. They virtually necessitate the employment of a professional custom-house broker for each import arrival. Even some professional forwarding agents employ an outside broker, rather than attempt themselves to attend to import details in our custom houses. Import processes are complicated in all countries and everywhere the specialized broker is a necessary fixture.

Export shipments, however, demand of the manufacturer or merchant and of his export manager or traffic man, a thorough understanding of every principle involved, even if details are entrusted to clerks, brokers, or other agents. Before reviewing the steps taken in the actual process of despatching an export shipment, it will be well to consider some features of the preliminary work.[1]

1. Packing for Export Shipment

As in every other aspect of export trading, instructions from foreign customers regarding the shipping and packing of their goods must be followed in every particular. Consignments should not only be routed exactly as customer instructs, but his wishes as to packages must be most painstakingly complied wi h. He gives these directions from an intimate knowledge of local conditions, important, perhaps vital, to him, however unintelligible or even ridiculous they may seem to the stranger thousands of miles away.

For example, in some countries—and this applies particularly to the less developed countries of Latin America—parcels of merchandise, as they are landed from incoming steamers, must be transported to inland points, perhaps over mountain passes, on the backs of men, horses, mules, donkeys, or llamas. The limit of weight which one of these animals can carry suggests that the exporter give studious consideration to packing goods (when so instructed) in parcels of comparatively small weight and of suitable size for transportation, when one package is hung on each side of the animal's back. At

[1] Various aspects of export business which cannot be discussed here are treated in the author's *Practical Exporting*.

some foreign ports there are heavy quay dues levied on each package landed, irrespective of size. Hence, it is advisable to use a few large cases rather than a multitude of small ones. If a foreign importer requests an American concern to pack his goods in small cases, each not to exceed twenty pounds in weight, but to combine ten or fifteen such small cases in one large crate, his reasons for giving such instructions may be based on conditions similar to those just suggested.

Again, there are certain countries where wood, especially American pine or other lumber, is very expensive and difficult to obtain. In such countries it is imperative not only that the goods themselves arrive safely, but that the cases or containers reach destination in good shape for re-use or profitable sale by consignee. A source of an actual and considerable profit to some importers in India and China, for example, are the iron bands which protect the ordinary export case of merchandise; more especially, in the case of European goods, the hoops around bales of cotton fabrics as they are usually shipped are valuable.

In many other countries of the world import duties are "specific"—not "ad valorem," the system with which we have been better acquainted in the United States. In such countries specific duties may be assessed on the gross weight or on the net weight of goods. Packages must always be strong, but should not be unduly thick or heavy in shipping to countries where duties are levied on the gross weight. With such precautions on the part of importers, the customers of American manufacturers may be able to save enough in their import duties, if comparatively light, though strong packing is supplied, to encourage them in running some risks

as to possible damage en route. Problems of the nature of those here suggested should be studied by every exporter who aspires to success in the establishment of a permanent and profitable foreign trade, and (to emphasize the point once more) he must rigidly adhere to the letter of any instructions his foreign customers may give.

Formerly it was thought necessary to pack all export goods subject to damage from dampness or sea water in hermetically sealed (i. e. air tight) tin-or zinc-lined cases. This expensive form of shipping has now been practically abolished; tarred, oiled, or otherwise waterproof paper has been substituted for the metal. The hermetically sealed tin-lined case is, however, still highly desirable in the shipment of any sort of unusually delicate goods (watches, for example), especially when the route taken leads through tropical waters or to excessively damp ports. The extent to which hot, moist air may penetrate is almost past belief; and it must never be forgotten that goods shipped by sea are liable to be splashed if not deluged by sea water in loading and unloading. Moreover, they are frequently exposed to rain on open wharves. Such packing costs a little more than that which is ordinarily supplied in domestic shipping, but its cost, like any other expense involved in export shipping, may be either (preferably) included in quotations of price, or may be specifically and clearly stated as an "extra" in soliciting orders.

Cases for export should be thoroughly banded with iron hoops or reinforced by some form of specially devised corner and end protectors. The necessity for this arises from the rough handling and danger of pilferage to which such shipments are liable. They may lie for

days on wharves or in other exposed places, where they are peculiarly subject to the leisurely operations of pilferers. Thieves are not unknown in the crews of some ships as well; to them shoes or other small articles furnish tempting bait. In some instances stolen goods are replaced by stones, so that the weight will register about the same as invoiced. They thus postpone discovery until the packages are actually opened by the buyer at destination. Bands, therefore, should surround the whole case and be arranged so that opening for purpose of robbery will be impossible or as difficult as possible. Since nails may work loose or be easily withdrawn, some export shippers use screws, but this precaution is usually taken only when shipments contain especially valuable or heavy goods.

Every exporter who is anxious to hold and increase his trade ought to give careful thought to having his goods delivered at destination in the most satisfactory condition possible. The packing question is one of the problems which are comparatively easy for him to solve, requiring only a little study. It is, of course, out of the question to include within the limits of this chapter any specific, indeed, any general rules in regard to the packing necessary or desirable for export shipments. No one subject has been a more fruitful text for criticism of American manufacturers than this. The one invariable rule which the author is able to lay down is: Domestic packing is never, in itself, suitable for foreign shipments. Another rule, almost invariable, is: Pack to occupy the smallest space possible, for most ocean freight rates are based on the cubic measurement of the containers.

The reader who wishes to study at length the packing requirements of special commodities or of goods destined for special markets, may obtain some information in the pamphlets on this subject issued by the Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C. These are composed in large part of special reports made from time to time by our consuls who are located in the various countries.

A thorough understanding of the method employed in loading and unloading ocean steamers will do much to improve the packing of goods for export shipment. For the benefit of manufacturers and shippers who have never visited a seaport or watched the process of loading and unloading steamships, it may be explained that goods are not wheeled on hand trucks, as from the platform of a railway freight depot to the level floor of a box car. On arrival at seaport export goods are transferred, usually by dray, to the steamer's pier and dumped on its floor. In loading the vessel, a number of packages, cases, barrels, bales, etc., perhaps a ton or more in weight, are heaped together in the middle of a heavy rope net or sling, whose ends are gathered together and fastened to a hook at the end of a dangling rope. The whole is hoisted high into the air by cranes and winches, swung outward over the open hatch of the steamer and lowered with a rush into the ship's hold. Swinging to and fro at the end of a long rope, the heavy load bangs against the sides of the hatchway and may arrive at the bottom with a crash. As the net is loosened, the piled packages tumble about, from a height of several feet, helter-skelter in several different directions. In making up the load for the sling it is by no means certain that the heaviest packages will be placed at the

bottom. A fragile case of millinery may be underneath a heavy crate of machinery.

Packages of every sort, therefore, should be made of strong material, properly secured and braced wherever necessary; and their contents should be insured against shifting, by bolts, cleats, packing of excelsior, and every device that ingenuity can suggest. The shipper must remember that loading processes, as described, are repeated in unloading; that when transshipment is necessary, both processes are duplicated; and that in many of the world's ports steamers do not lie alongside piers, but discharge cargo in midstream or off shore into lighters. In these cases even rougher handling ensues.

2. Addressing Export Packages

Care must be bestowed on such an apparently insignificant matter as the marking or addressing of packages for export shipment. This must always be done either with brush and ink, or by stencil. Crayon markings or the affixing of tags and labels will not do. The stencil address is, of course, preferable because more easily read. Some countries in South America require that packages shall be so marked. In the case of the Argentine Republic, the marks must appear on all four sides of the package. From the foregoing it will be seen that inquiry should be made as to the regulations that may be in effect in any market to which specific shipments may be destined, as special rules and exceptions may prevail.[2]

[2] Information may always be obtained from the steamship lines relative to the ports they serve, or from consuls in New York (and many other American cities) of the countries concerned, or reference may be had to the *Exporters' Encyclopedia.*

In marking packages for foreign shipment it is not customary to indicate the address in full. It is usual to include only one or more initials, which may appear either by themselves or in combination with a geometrical design, such as a square, triangle, circle, or diamond, and are numbered consecutively to ensure ready identification as to contents when compared with packing list or invoice. For example:

X Y

43 (44, 45, etc.)

LONDON

This mark would be read, "X, Y, Z in a diamond." The port of destination should always be in large letters and otherwise prominent, as it is (naturally) the most essential part of the mark. Any other particulars, unless specifically instructed by consignee, should be studiously avoided. Simplicity and clearness in every respect are of primary importance. Any old or confusing marks should be carefully erased (advertising designs on cases, if deemed valuable—a debatable question—should not infringe on the address mark).

Reasons for the abbreviated address are several: (1) The consignee might wish to sell the goods in original, intact packages and his name might be an inconvenience in more ways than one; (2) the abbreviated form conceals the name of the consignee from rival shippers; (3) it also contributes to ease and swiftness in copying manifests, consular invoices, and the innumerable papers in connection with shipments.

However, under the laws of certain countries the full name and address of the consignee must be printed on

the packages as well as written in the shipping documents. In any event, the fewer and simpler marks that are used the better. Each case must be numbered and the corresponding number, with the contents of the case, must be shown on invoices and often on other documents as well. Extreme care should, therefore, be taken to insure absolute accuracy in this respect. Mistakes not only cause annoyance, but may result in fines on the importer.

Such inscriptions as "This side up with care," "Top," "Fragile," etc., are quite useless when written in the English language only, except on shipments to Great Britain and the British colonies. When English is not the native language of the country to which the goods are destined, the chances are slim that stevedores or porters of any sort will pay the slightest attention to such instructions, unless in addition to English their own language is employed—and rarely even then. It is, however, frequently desirable to mark cases containing American goods "Made in U. S. A." This is required by some countries and does no harm in any instance.

3. Weights and Measurements

In shipping goods to some countries it is necessary to know and specify exact weights, not only of packages as shipped—whether bundle, case, barrel, or what-not, but also of the goods contained in the package. In the case of Mexico, the weight of the goods themselves must be specified, as well as that of those goods with their immediate wrappings—the tissue paper and excelsior, cardboard boxes, etc., in which certain units, enclosed in a larger package, are sometimes contained.

The following definitions will be useful: Gross weight is the weight of the entire package ready for shipment. Net weight is the weight of the contents of the package without the outside container. Legal weight (used in Mexican shipments) is what has just been defined as net weight and only in Mexico is given this special term. Because of this variation in the usual practice, Mexican net weights are the weights of the naked goods themselves, without any wrapping or packing.

In doing any considerable volume of foreign shipping, especially if that shipping is destined for other than British colonies or Great Britain itself, a set of metric conversion tables is a necessary handbook for the shipper, since some foreign markets require that weights and measures be stated according to that system in sundry documents accompanying shipments.

In addition to making careful and exact record of the weights of merchandise intended for export, it is also desirable, and in some cases necessary, for the shipper to know, at least approximately, the cubic measurement of his packages. The majority of steamship companies quote rates of freight either per weight ton or per measurement ton. It is true, as has been noted, that some steamship lines have in late years adopted the system of making rates per short ton (per 100 pounds) instead of per long ton. Moreover, the general practice of steamship lines of all nationalities, at least in dealing with American freights, seems to be extending more and more to quotations per individual unit (e. g., per barrel, bale, etc.). However, it still remains a common practice in naming freight rates to quote so much "per ton, weight, or measurement, ship's option."

Ordinarily ships call 40 cubic feet the equivalent of one

ton; hence, the rule is that any parcels that weigh 56 pounds[3] or more to the cubic foot will be taken by steamships on the weight basis, while on all packages that weigh less per cubic foot the steamship companies will make a charge per cubic foot or per measurement ton.[4] A shipper with a handy book of cubic measurement computations, and with the actual weights before him, can usually know how his goods will be taken. At a given rate of freight, he can readily compute the cost of transportation. In the case of packages of irregular shapes he may be surprised at the measurement returned by the steamship employes. Outside, extreme dimensions, over all projections in each direction, are always taken by dock clerks. A pyramid is counted as measuring the same as a cube on its largest base. No deductions are made, even when shape permits an economy in stowing in the vessel. The packing of goods for export should, therefore, be carefully studied in order to reduce the dimensions of packages to the smallest number of cubic feet.

Attention may now be given to some of the documents that must be handled in despatching export shipments.

4. Bills of Lading

In essence a bill of lading is a document signed by the captain, mate, or agent of a vessel, acknowledging receipt of certain specified and duly identified goods, and undertaking to deliver the same to the consignee named, or more frequently, "to order," at a place mentioned

[3] 2,240 pounds (1 long ton) divided by 40 cubic feet (1 measurement ton) gives 56 pounds, the steamship par between weight and measurement goods.

[4] This subject was discussed in Chapter III of this treatise.

therein. Bills of lading vary in form, sometimes according to the trade in which the line issuing the bill of lading is plying, sometimes according to the individual preference or regulations of a particular line. From time to time the acknowledged desirability of an International uniform bill of lading leads to efforts to secure such a form. Up to the present, however, such efforts have been without result.

Meanwhile, all bills of lading issued by steamship lines taking cargo from ports of the United States must be interpreted according to certain provisions of the Harter Act of 1893.

This Act provides, among other things, that it shall not be lawful for any shipowner to insert in any bill of lading any clause whereby he shall be relieved from liability for loss or damage arising from negligence, fault, or failure in proper loading, stowage, custody, care, or proper delivery of merchandise. If a shipowner exercises due diligence to make his vessel in all respects seaworthy and properly manned, equipped, and supplied, neither he nor the charterers shall be held responsible for damage or loss resulting from faults or errors in navigation or in the management of the vessel, nor shall they be held liable for losses arising from dangers of the sea, acts of God, or public enemies, or the inherent defect, quality, or vice of the thing carried, or from insufficiency of package, or seizure under legal process, or for loss resulting from any act or omission of the shipper or owner of the goods, or from saving or attempting to save life or property at sea, or from any deviation in rendering such service.

In other particulars the main clauses of bills of lading are usually similar in their more important bear-

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ings, and variations occur chiefly through individual preference of the lines. As will be seen from a study of the accompanying form, they include a large number of clauses covering almost every imaginable contingency, printed in very fine type and seldom so much as read by shippers. In the comparatively rare cases arising under minor clauses the companies are usually liberal in their interpretation. In any event the shipper is bound to accept the form prescribed by the line he wishes to patronize, or give up shipping altogether. Bills of lading for sailing ships are much simpler in form.

Phrases used in many bills of lading that may not be understood by the novice at shipping include: "Shipped in good order and condition." These words apply only to the external appearance of the packages. The shipowners are really responsible for some damages suffered by goods entrusted to them, in spite of the fashion in which, in the bill of lading, they have apparently protected themselves. Hence, if packages tendered for shipment are weak, broken, or evidently damaged, the ship's officers may refuse to accept them, or may accept them only after they have been satisfactorily strengthened, coopered, or repaired, by or at the expense of the shipper. When any doubt exists as to the suitability of cases or other packing, the shipowners will not sign a "clean" bill of lading, but will note on that document the broken or risky character of the containers. The ship's officers are, of course, ignorant as to the condition of the contents, except from such external evidences as leaking, etc.

"Quality, quantity, gauge, contents, weight, and value unknown" is a phrase inserted still further to protect the shipowners. It indicates that the shipowners as-

sume no responsibility for claims in any of these particulars.

"Jettison" is the act of lightening a vessel when in danger by throwing overboard cargo or portions of the vessel itself.

"Barratry" refers to such illegal acts of master or crew as desertion of the vessel or wilful damage to the vessel.

"General Average" is fully explained in the chapter devoted to Marine Insurance.

Bills of lading should always carefully specify particulars of the goods that are being shipped, for in some countries regulations regarding them are stringent, and inconvenience, delay, fines, and various expenses are incurred when inaccurate descriptions or weights are stated. Even Great Britain is now much stricter than formerly in regard to the particulars required in bills of lading covering import shipments. It is, however, impossible to give any detailed instruction in such matters; inexperienced shippers who attempt to make out their own shipping papers should always inquire fully of the ship's agents as to every detail required.

The name of the consignee is seldom written in the blank reserved for that purpose in bill of lading forms. A shipper usually draws the bill of lading to read that the goods described have been received from him and are to be delivered to his order.[5] This makes the bill of lading a negotiable document and places the disposi-

[5] Bills of lading cannot (at this writing) be made out to order in the case of shipments to Costa Rica, Panama, Santo Domingo, and Venezuela, among other countries. In the case of some other nations (chiefly Latin-American Republics), if bills of lading are drawn to order, then the "notify" clause must be included, giving the name of the consignee.

tion and the ownership of the goods covered by it within his own power. He may endorse the bill of lading, either in blank or to whomsoever he chooses, and use it then as security for banking purposes. This, of course, is not done when foreign customers have paid in advance for the goods that are being shipped. It ought never to be done without a distinct and thorough mutual understanding between shipper and consignee in advance of shipment.

When a bill of lading is drawn "to order" it is frequently desirable to note on the face of the document the fact that a certain concern (i. e., the actual or intended consignee) is to be notified by the agents of the ship at port of destination on arrival of the steamer carrying the goods. This is usually done in the phrase, "Notify Blank & Co.," and is intended to protect the consignee against possible charges for storage that might accrue were the mails from the shipper bringing him notification of shipment, route, etc., delayed or lost en route. A similar phrase is sometimes used when goods have to be transshipped en route. In this case the expression is:

Transshipping agents at.....(point of transshipment) please notify.....(consignee) at.....(port of destination).....name of transshipping vessel and date of sailing.

Attention is sometimes paid by transshipping agents to such requests—sometimes not.

Bills of lading are usually made out in sets of three, four, five, or even more, as may be required by particular lines of vessels or by consular regulations of the country to which the goods are bound. The shipper of the goods usually requires two, if not three, copies—the orig-

inal and duplicate, which are negotiable, and the third copy, non-negotiable, for his own files, while at least one copy is always required by the steamship line for the captain of the vessel. The original and duplicate (sometimes triplicate), which are negotiable instruments, are usually stamped across their faces with those words. When sent direct to consignee, one of the negotiable copies is forwarded by one mail, the other by the next succeeding mail, or in any case by another steamer. The object of this is to insure the consignee possession of the goods without liability to delay and expense through accident or loss in the mails carrying the documents. When used for banking purposes, bankers usually insist upon receiving a full set of the negotiable copies that have been issued, since a single such copy not in their possession would invalidate their security. The final clause in the bill of lading form is: "* * * hath affirmed to ..... copies"—the word "two" or "three" being inserted, depending on the number of negotiable copies.

It seems unnecessary to explain that the legitimate holder of signed bill of lading has prima facie title to the goods it represents. Nevertheless, it is one of the commonest failings of amateur shippers to disregard this fact. They calmly file away in their own offices all copies of the bills of lading. When this occurs it is only after endless yards of red tape, filing of indemnity bonds, and payment of storage that consignees are able to obtain what should have become theirs immediately upon discharge from the ship. There are very few ports or countries in the world where it is possible to obtain possession of goods without presenting at least one copy of a bill of lading in due form. This is everywhere rec-

ognized as evidence of ownership.[6] The fact cannot, therefore, be emphasized too strongly that bills of lading must pass with the least possible delay into the possession of those who it is intended shall control the goods, be they bankers or actual consignees. Sometimes they must go forward by the same ship that transports the goods.

If drawn "to order," bills of lading must be endorsed by the parties named as shippers. That endorsement may be either in blank, or specifically, to other parties. Without such endorsement the bills of lading are as valueless to the third party as none at all. The goods then remain the property of the shippers, in possession of the carriers, and no one else can get them. Of course, when bills are drawn directly to the order of the consignees (or others) by name, the shipper has nothing to do with any endorsement. The goods belong to those named in the bills of lading until the latter, if they choose, endorse them to others.

When the shipper endorses an "order bill" in blank, the shipment virtually becomes the property of anybody who may chance to get hold of the bill so endorsed, which is sort of a "deliver to bearer" obligation. For this reason bills of lading thus endorsed should be adequately safeguarded. The endorsement in blank is used chiefly, if not exclusively, when the bills are to be handed immediately to responsible bankers. While illegitimate

[6] Venezuela is an exception. At ports in that country steamships are required by local law to turn over their cargoes immediately to the Venezuelan custom house. Thus, losing control of the goods, the shipowners assume no responsibility, and certain methods are possible by which almost anybody can, with a little ingenuity, secure the goods from the custom-house authorities. Conditions are almost as bad in some other Latin-American countries. See also note of those countries to which order bills of lading are not issued.

holders might be forced to prove propriety of their possession, yet no more risks ought to be taken with such bills of lading than with a check endorsed to bearer. Here is a final caution, which a frequently prevailing but indefensible custom in this country makes necessary. Endorsement of bills of lading, as of other negotiable documents, should never be executed by any one except a member of a firm or officer of a company authorized to sign such papers—never by a mere clerk. Formality in such matters is strictly required in other countries.

(a) Through Bills of Lading From and To Interior Points

In the preceding chapter passing reference was made to combined rail-and-water rates on through bills of lading to foreign interior points of destination. A good many of the railroad lines and some of the steamship companies employ regular solicitors seeking the foreign freights of interior shippers. Yet, it may sometimes be found that better rates and facilities can be obtained by going to a little trouble and obtaining quotations on a given shipment from the several different and competing carriers involved.

In many cases it is possible for an interior shipper in the United States to obtain through bill of lading to foreign seaport, just as it is possible for the man located at a port to obtain through bill of lading to interior point abroad—taking his goods not only by steamer across the ocean, but inland from port of steamer's destination to place where buyer wishes delivery made. Whether through bills of lading of either character are the most economical and desirable method of shipping is a ques-

tion that may usually be investigated with profit. It may happen, however, that the through rate will be decidedly advantageous. Reference was made in the last chapter to economies claimed in through transcontinental-trans-Pacific rates. Similar economies are sometimes claimed in shipments billed through to interior points of destination in Europe—yet it is notable that few large European importers request or desire such through bills of lading.

The point the author wishes to emphasize is that in determining the best and cheapest methods through quotations should be studied and checked, even though considerable time and trouble are involved. Carelessness, shirking, indifference as to these matters are far too common. Economical and satisfactory transportation of goods will most assuredly result to a shipper's ultimate advantage. With the increase in competition for foreign trade among American manufacturers and merchants, care and science in shipping will grow to be more and more important factors. No shipper in this country ought voluntarily to quote delivered prices at interior foreign point.

It is possible to bill goods through to Vienna, Austria, for example, by way of Adriatic ports, or via Antwerp, or through North German ports. Yet few, if any, large and experienced importers of American (or, for that matter, English) goods in Vienna or at any similar inland point ever instruct or desire through shipments. The explanation is that importers of any importance who are thus located have learned from experience how to get their goods through cheaply and have their own or their favorite forwarding agents at terminal ports of the steamship lines. Such agents, by paying special at-

tention to the requirements and general interests of their clients, deliver shipments to them as a rule at considerably lower rates than would be secured in other ways.

(b) *Minimum Bills of Lading*

Steamship lines invariably require the payment of a certain minimum amount of freight in return for the issuance of a bill of lading. Practice varies in this regard. Some lines issue a bill for as little as one ton of cargo, occasionally for even less; other lines require the payment of freight on at least a ton and a half, or two tons, no matter what may be the volume or weight of the actual freight transported. This is called a minimum bill of lading. It imposes a comparatively extravagant freight charge on small shipments of goods not sufficient in weight or volume, at the rate governing, to warrant the freight charge assessed. On this account shippers usually try to combine small shipments, so that the aggregate quantity will make the minimum charge more nearly normal at regular rates. Freight forwarders and express companies perform this service for the small shipper.

5. Parcel Receipts

Many, probably most, steamship lines supplement bills of lading with what are known as parcel receipts. These apply to small packages and were originally designed to facilitate the business of the exporter at one end and the importer at the other, through the quick and cheap transmission and delivery of samples. They have been used especially in connection with the textile trades of Great Britain. When forwarding a number of cases

E7129—125—4-19

The Royal Mail Steam Packet Company

22 STATE STREET

PARCEL RECEIPT

Freight $..... New York,..... 191

Received from.....

for shipment per S. S: ..... to .....

.....

Marked:.....

to be delivered to ..... at .....

weight, contents and value unknown.

The Owners of the Steamer are not responsible in case of loss or damage (from whatever cause arising) for more than $5.00 value, unless the same be declared, and Extra freight paid accordingly.

The above goods are received subject to the general conditions and exceptions expressed in the Bills of Lading granted for Goods by this vessel.

SANDERSON & SON, Agents,

Per .....

FIG. 22.—Parcel Receipt

of piece-goods to a foreign customer the shipper sometimes sends in care of the captain a small package of samples of the goods contained in those cases. This package is sent under a parcel receipt. Immediately on arrival at destination the captain delivers such a parcel to the consignee. With these samples in his possession the consignee is able to sell to his customers the incoming stock while the goods themselves are still undergoing the formalities and delays inseparable from custom-house procedure in any part of the world.

However, the regulations surrounding parcel receipts have become more elastic, and a good many steamship lines, on payment of a small fee, will now take small parcels of almost any sort, providing weights and measurements do not exceed certain specified limits and provided value is merely nominal. Regulations in all these regards vary with each different shipping line. While a parcel receipt does not involve the same responsibility on the part of the steamship company as does a regular bill of lading, yet it is usually regarded as a safe document and one that can sometimes be used even for banking purposes. But the number as well as the sizes of parcels so accepted for transportation is restricted. Shipowners regard the practice as a favor shown to shippers, and undervaluation to make a parcel acceptable, or other abuse, often results in the withdrawal of the privilege of so shipping.

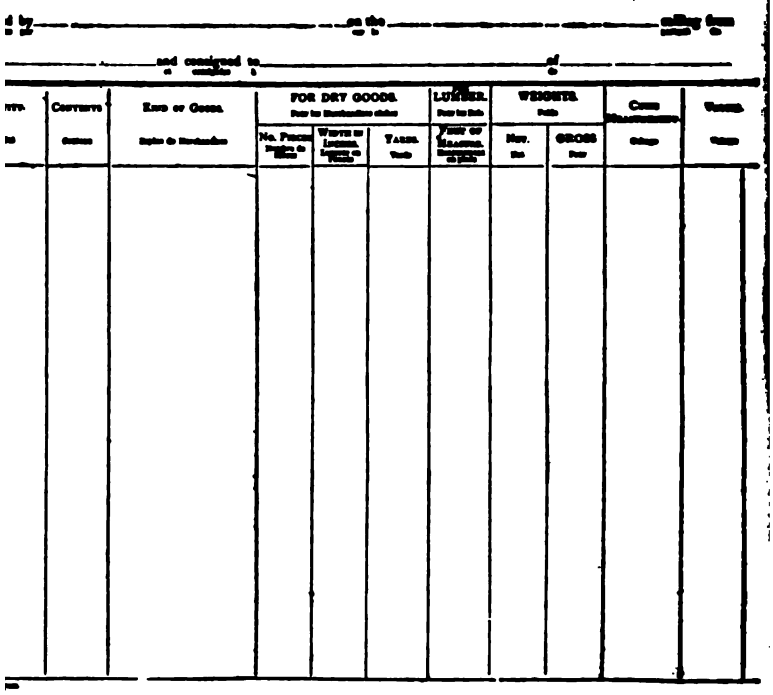
6. Consular Invoices and Certificates of Origin

Countries requiring consular invoices are largely confined to the American continent. Portugal is the only European nation that demands them. The consular in-

voice is generally regarded as an unnecessary and inexcusable nuisance, yet we of the United States are not in position to criticize, since the United States itself is included among the nations that insist upon this formality in the case of goods shipped from abroad. This formality seldom has any justification beyond the attempt to reduce the expense of a consular system. The fees thus collected by consular officers of some countries often are sufficient to pay consular salary and expenses, hence the custom is likely to continue. In the case of the United States, these fees reduce our national expense to an insignificant figure. The theoretical justification for their existence is that countries having a high import tariff are enabled to check up prices named in invoices. Consular officials, resident in foreign countries, are expected to know in a general way, at least, whether values declared are actual, legitimate prices, or are considerably less, and intended to defraud the country of destination of duties (when ad valorem) to which it is properly entitled.

Figure 24[7] shows the present regulations of countries requiring these documents. However, rules, forms, and fees are constantly being changed and shippers are advised always to obtain accurate and full information in regard to requirements from steamship companies or resident consuls of the countries to which their goods are to be consigned.

[7] From the *American Exporter*, adapted from a table accompanying paper read by Wilbur J. Carr, Director of the Consular Service, Department of State, at the International Congress of Chambers of Commerce held in Boston, 1912.



	Contents	Kind of Goods	For Dry Goods			Lumber	Weights		Cubic	Values
			No. Pieces	Width in Inches	Yards	Feet or Measure	Net	Gross		

FIG. 23.—Specimen Consular Invoice
(Haitian Form)

Countries	No. of copies for consul	Language in which prepared	Cost of blanks per set	(a) Are separate invoices required for each mark, or (b) does one invoice cover entire shipment?	Is oath to invoice required?	Remarks
Liberia	3	English	.00	(a) No	No	
Argentina	3	English and Spanish	.05	(a) No	No	Certificate of origin
Bolivia	4-5	Spanish	.75-.90	(a) No	No	
Brazil	3	English or Portuguese	?	(a) Yes	No	Required for Shipments over $48.89
Chile	4	Spanish or English	.25	(a) No	No	
Colombia	5	Spanish	?	(a) Yes	No	
Cuba	4-5	English or Spanish	.10	(a) No	No	
Ecuador	7	Spanish	.20	(a) Yes	Yes	
France	1	French	.02	(a) No	Yes, before notary	For certain goods only
Guatemala	5	Spanish	.25	(a) Yes	Yes	
Haiti	6	English or French	.06	(a) No	No	
Honduras	4	Spanish	?	(a) Yes	Yes	
Japan	2	English	?	(a) No	Yes, before notary	For shipments of $50 and over
Mexico	4	Spanish or English	.20	(a) No	Yes, before notary	
Nicaragua	6	Spanish	.36	(a) Yes	Yes	
Panama	5	Spanish	.15	(a) Yes	Yes	
Peru	4	Spanish	.25	(a) No	No	For shipments above $100
Philippines	3	English	?	(a) No	Yes	
Portugal	2	English, Spanish, or Portuguese	.05	(a) No	No	
Servia	1	French	.00	(a) No	Yes	
Salvador	4	Spanish	.25	(a) No	Yes	
Santo Domingo..	4	Spanish	.10	(a) Yes	Yes	Certificate of origin for machinery only
Spain	2	English or Spanish	.05	(a) No	Yes	
Venezuela	4	Spanish	.35	(a) No	Yes	
United States...	3-4	English	.00	(b) Yes	No	

FIG. 24.—Regulations of Various Countries in Regard to Consular Invoices

All countries given require invoices to be certified at port of departure and that full description of goods be given. In the case of France and Spain a certificate of origin is often desirable.

(Countries not mentioned are understood to require no consular invoices.)

Among the Latin-American countries that do not require consular invoices—Argentine Republic, Uruguay, and Costa Rica—other formalities are involved which really amount to about the same thing. These usually consist in requiring the endorsement on the manufacturer's original invoice of all of the details that otherwise would be included in a formal consular invoice. The whole must be attested by the consuls in return for fees that are practically the same as those charged for certifying formal consular invoices.

In the case of some other countries that do not require consular invoices other documents are necessary, usually taking the form of what is known as a certificate of origin. Such a document is, however, usually required only as to specific kinds of goods, or when such goods are entitled by treaty or otherwise to a preferential rate of duty on importation into the foreign country, and when it is therefore desirable to prove them to be of American manufacture or production. France and Japan are examples of countries where such a certificate of origin is necessary on this account in shipping certain goods.[8]

Some countries that are exacting as to consular endorsements of shipping papers require that bills of lading also be certified, and sometimes shipments of firearms, ammunition, and explosives generally, can only be made by express permission of consuls.

All shipments intended for countries requiring consular invoices must be accompanied by such documents made out with the most painstaking care and in strictly

[8] During the war between Turkey and Italy, and afterwards between Turkey and the Balkan Allies, certificates of origin were demanded for all goods entering Turkey because of the embargo against the goods of Turkey's enemies.

in shipments to the Union of South Africa is similar to this. The shipper must certify that the invoice for his shipment represents the fair market value of the goods as sold for home consumption.

7. Procedure in Despatching Export Shipments

The shipper who is located in or near the port of export through which his goods must be despatched usually attends personally to the details of shipping. The following is the program that he must follow out: When the shipment is ready to go forward the shipper asks the steamship line selected, or the several competing lines (if any), for a quotation of freight rates. He specifies the steamer or sailing date required or preferred, destination, number of packages, kinds of goods, weights, measurements, values, etc. In most cases it will be found that rates by all lines are practically identical, because of the combinations or conferences into which steamship companies are now formed. By agreement among themselves the rate of freight has been definitely established, and usually little advantage results from any attempt to modify such conference quotations.

After obtaining a satisfactory freight rate, application for a shipping permit must be made to the steamship line selected to forward the goods. This little document will enumerate the number of packages, the marks they bear, the kind of goods, etc. The shipping permit is in the nature of an instruction to the receiving clerk at the steamship pier to accept and receipt for the goods in question for despatch per the steamship named.

In shipping large quantities of merchandise it will usually be found necessary to engage freight room for the estimated total weight or number of cubic feet some time

legal order, as otherwise heavy penalties in the way of fines, etc., are likely to be imposed on the consignees. In shipping to some countries no corrections or erasures are allowed in the document.

When such invoices must be written in a foreign language, a consular assistant may sometimes be employed—for a fee. Exporters should not attempt the task themselves until they have learned how and appreciate thoroughly the nice distinctions of foreign customs classifications and the exact equivalents in other tongues of English technical and trade names and terms. Foreign customers in placing orders frequently instruct in these particulars and sometimes quote terms in vogue in their markets as representing American trade descriptions. Especially in Latin America, a product, an article, even a machine, may have a Spanish equivalent, used locally, that is quite unknown or means something very different in another Spanish-speaking country.

Certain copies are usually retained by the consuls of the country to which the goods are destined; certain other copies must go to the steamship company when bill of lading is signed; and still other copies are retained by shippers or forwarded to their foreign customers. Sometimes invoices must be signed before the vessel sails. All these details depend upon the regulations of the various countries and should be carefully studied in each individual case, until the routine and formalities involved have been thoroughly mastered.

Another document which export shippers must sometimes become acquainted with is commonly called the Anti-Dumping Certificate. The form best known is the Canadian "Form M." The new form lately required

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In shipping large quantities of merchandise it will usually be found necessary to engage freight room for the estimated total weight or number of cubic feet some time

Form (1M.)

Invoice of

of

of

MARKS	NUM OF PACK

FIG. 26.—In

I, the under

(1) That I
in the within i

(2) That t

(3) That t
paid or to be

(4) That t
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count of any
payable there
account of the

(5) That
furnished to a

(6) That
been or will b
behalf of eith
manner wha

(A) That
the invoice a

That eac
ished by a
cost of proc

FIG. 27.

labor in such specified Country of Origin and not less than one-fo
it has been produced through the industry of the said Country.

M—the Anti-Dumping Certificate on an Invoice to Ca

in advance of the sailing of the steamer by which it is desired to forward them. The shipping permit, however, will not be issued until the steamer in question is actually in port and ready to receive cargo. The permit directs the shipper as to the day or days when the goods must be delivered at the dock. Such directions must be closely followed. If this is not done the shipper's goods may be "shut out," unless arrangements can meanwhile be made with the steamship's agents for an extension of the time of delivery. In this case a new permit or an authorized revision of the old one should be obtained.

After obtaining a shipping permit from the agent of the steamship line, if the shipper can make one delivery of all his goods, he sends them to the dock accompanied by that document. If several deliveries have to be made, the shipping permit is sent ahead (e. g., by mail) addressed to the Receiving Clerk, and put on file at the office on the pier to await arrivals of the goods. In such cases, each delivery is accompanied by the shipper's own receipt form, drawn to apply against the shipping permit which is on file. This receipt is signed by the receiving clerk in the usual way, the packages weighed and measured, and particulars of each one recorded and filed with the permit. When the shipment is complete, the receiving clerk on the pier returns to the shipper a dock receipt. In this he enumerates the various packages that have been delivered for shipment, the name of the steamer, destination, marks, numbers, weights, and measurements.

While waiting for the return of the dock receipt, the shipper makes preparations to clear his goods at the custom house. For this purpose he must fill out the

manifest designed by the Government for its permanent records. The accompanying specimen shows the form of a shipper's declaration. Detailed instructions are printed on the back for the guidance of shippers. No goods may be shipped out of the country until such a manifest has been satisfactorily filed. Especial attention is directed to the necessity for careful and accurate description of the goods that are being shipped. The shipper is required to certify to the correctness of the declaration, either in person or through a duly authorized representative whose credentials have been filed at the custom house.

Although affidavit to the declaration is required, it is the custom to entrust this duty to minor clerks or even office boys, since the process is merely mechanical. Regular shippers, having frequent business of this sort at the custom house, furnish each new clerk with the firm's authorization, attestation of his signature, etc. This is filed by the appropriate official and holds good so long as that clerk attends to the clearance of his employer's goods.

Meanwhile a consular invoice, when this is required, must be prepared and certified in accordance with the regulations of the country to which the shipment is destined. Fortunately those countries to which the greater part of American exports are shipped do not require this formality. In the case of shipments to most parts of the world, the shipper is now ready to secure a bill of lading from the steamship company.

On applying to the steamer's main office for his bill of lading the shipper must produce the dock receipt and the manifest just described. He must also have ready for signature the requisite number of copies of the steam-

New York, _____ *191*

Received from **PITT & SCOTT, Ltd.,**
60 Pearl Street, *in good order, the following packages to be shipped per S. S.* _____
for _____

MARK	NO.	OF P'K'G'S	CONTENTS

FIG. 29.—Preliminary Dock Receipt

This receipt is used by large shippers who have many separate deliveries to make to a f under one shipping permit. Each delivery like this is receipted for, permit being on fil and all finally combined in one final dock receipt.

ship company's bill of lading. Steamship companies do not themselves write out bills of lading, at least for local shippers. Many of them are ready to do this as well as other services for out-of-town shippers in return for a small fee. Before signing the bill of lading the steamship company will probably demand payment of the freight charges in full. This is invariably the case in shipments of perishable goods. In former years many, perhaps most, steamship companies were ready to accept a good deal of their freight without having the charges prepaid. Recently an end has been put to that practice—at least in New York. Today there is probably not one line in ten that is willing to forward goods until freight in full has been prepaid.

All export shipments must be protected by marine insurance, which must be secured by the shippers in each and every instance, except when the foreign customer has given notice that he himself has covered the risk. This general subject is treated at length in Chapter X. Reference is made to it at this point because the certificate of insurance is one of the documents which are to be collected by the shipper and forwarded to consignee or to shipper's banking or other agent at port of destination.

In many instances it is highly desirable and even absolutely necessary to forward the "documents," as the collection of various shipping papers is usually called, by the same ship that carries the goods. When this is not done they should go by a ship sailing at about the same time or which will reach destination as soon as the goods will. This is especially true when goods are shipped by express steamers to Europe; or by the usual vessels plying from ports of the United States to the

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ferent customers, or to several different foreign ports via as many different steamers. (Consult especially Chapter IV.)

(a) Agencies at Seaports

"Out-of-town shippers," to use familiar New York phraseology, suffer no disadvantage in the cultivation of foreign trade markets through the necessity of having to employ agents at seaports to take care of shipping formalities for them. It is even doubtful if the fees asked by such agents result in a heavier charge than do the time, salary, and expenses of a New York shipper's own employes. The agents may be either professional foreign freight forwarders (some of whom call themselves foreign express companies), or they may be the steamship companies themselves.

Foreign freight forwarders have long occupied an important position in the shipping trade at all United States seaports, as well as those of foreign countries. To the small or occasional shipper their services have proved not only an immense convenience, but, frequently, an absolute necessity. Of late years, however, steamship lines themselves have adopted most of the functions of the forwarder and thus give the interior shipper a choice of agencies. Formerly no steamship line would attempt to handle any of the details of shipping, whether in large or small lots, even for its most desirable customers.

While they have not yet usurped the position of the forwarding agents, still at least two-thirds of the lines plying from New York and from other principal ports of the United States—at least lines that seek or accept general cargo—have reversed their former practice and

are now ready to deal directly with the shipper. These lines accept shipments, of any size, consigned to their care and attend to all of the necessary formalities connected with despatching to foreign destination. Sometimes (according to their advertisements) these services are rendered without any charge; in no case do they quote a charge greater than forwarding agents have been accustomed to make for similar services. In either case, however, work and time have to be paid for and neither line nor forwarding agent is a charitable institution.

In the case of very small shipments it is doubtful if anything is saved by disregarding the forwarding agent and doing business directly with the steamship people. In the case of shipments of considerable weight or volume, however, the new practice of the steamship companies may result in economies. Here, as elsewhere, investigation will usually discover the cheapest means of handling a specific shipment.

(b) Despatching Foreign Shipments in Bond

Shippers of goods which if sold in the United States would be subject to an internal revenue tax—cigarettes, lager beer, and whiskey, for example—avoid payment of this tax by taking advantage of the services of bonded carriers. They may forward unstamped goods to New York, and deliver aboard steamship in bond under custom-house inspection and certification. When the goods have reached destination they receive cancellation of the bond. By avoiding payment of the revenue tax in this country, producers are able to quote prices in foreign countries which are much lower than they can quote to home customers.

Goods imported from other parts of the world into the United States are frequently carried in New York bonded warehouses, without payment of duties, until sold for export—to the West Indies or Central America, for instance. Our relative location and favorable shipping connections enable us to carry on a considerable business with these markets in merchandise of foreign origin. When imported goods are taken from the warehouse to be shipped out of the United States, they are transferred in bond to the steamer (there are many custom-house bonded truckmen) and checked by the inspector on the pier who certifies as to their being placed on board.

The captain or purser of the vessel is held responsible for carrying out the provisions of a document called a landing certificate, which is made out and entrusted to the captain's care, to accompany the goods. The landing certificate requires the oath of the foreign consignee of the goods, taken before an American consul, that the goods described have actually been delivered to him. If no American consul happens to be located at the port of destination, then the landing certificate must be verified by an American merchant residing there. If there are no Americans available, official or otherwise, then certification may be made by two "respectable foreign merchants." This certificate of landing is accepted as final proof that the shipment has passed definitely out of the control of the United States Government, and bonds are cancelled.

8. Exports with Benefit of Drawback

There is another feature connected with foreign shipping of American goods which has not heretofore re-

ceived one-tenth part of the consideration it deserves. Our Government offers manufacturers who use imported materials on which import duties have to be paid when brought into the United States, a "drawback" of 99 per cent of the duty that has been paid on such imported materials. For example, a manufacturer of men's ready-made clothing who uses English or German woolens may obtain a refund of almost all of the duty that has been paid on such portions of these goods as have been consumed in the exported articles. In order to secure this he must submit satisfactory proof to the Government that such imported fabrics have been used in the manufacture of clothing which has been exported. In fact, the imported goods thus used in the American factory need not have been imported by the manufacturer himself. It is necessary only to satisfy the Government that imported goods on which the duty has been paid have been used for export shipments and in the quantities stated. The clothing manufacturer is thus put in a position to quote much more attractive figures to his foreign customer than would otherwise be possible. He is indeed virtually placed on a par, as far as the cost of his materials is concerned, with competing clothing manufacturers in England or Germany.

It is true that the actual cash obtained will not amount to the full 99 per cent of the duty paid. Certain fees must be deducted for the services of the brokers who attend to the necessary formalities involved in obtaining the drawback. These charges, however, are usually moderate and may to some extent be controlled by negotiations with several competing brokers.

The first step that must be taken by a manufacturer who desires to obtain this drawback is to address a

letter to the Secretary of the Treasury, at Washington, outlining in general terms the facts in his case. In due course an official will be delegated to make an investigation and report. If satisfied that the manufacturer is acting in good faith and is actually using the goods in such quantities as he claims, the report of the official will almost certainly be in favor of granting the refund. After this has been done whenever export shipments are made, it is necessary only to fill out documents similar to the models accompanying this chapter and place them into the hands of a New York broker who makes a specialty of obtaining drawback allowances. In due course of time remittance will follow from Washington. Practically all of the red tape involved in the transaction is taken care of by experienced brokers.

Although the task of obtaining drawback allowances is by no means so formidable as might at first be fancied, it is a rather curious fact that comparatively few American manufacturers have taken advantage of the provisions of the law in this respect. The claims upon the Government have been so few that the law might almost be considered a failure. This does not seem to have been the fault of the law or of the procedure in such cases, but seems rather to be due to general ignorance on the part of the public or dread of the required formalities. Claims for drawback have, however, been allowed on hundreds of kinds of imported dutiable goods and materials.

When the exporting manufacturer is not himself the importer he must arrange with the actual importer (probably the houses from whom he purchased the supplies) to lend assistance in satisfactorily identifying the duty-paid imports. The date on which and steamer by

which the goods were imported must be stated in order that the authorities may investigate the honesty of the claim and the rate of duty actually paid. This appears to be the only complication in the process that may cause embarrassment. The quantity of imported material used in an exported article, once determined, usually serves as a standard for long afterward, although subject, of course, to periodic and unannounced inspection. Some of the papers used in connection with the collection of drawbacks are shown herewith.

9. How Imports are Handled

Any man of quick intelligence can readily master the simple routine connected with export shipping, when guided by a few hints and explanations. On the contrary, the processes of entry, appraisal, warehousing, etc., involved in getting possession of imported goods, are so intricate that it is impossible to describe them in full. The business is practically confined to specialists who day by day, even hour by hour, keep in close and intimate touch with officials, with the changing procedure and rulings, and with the peculiar life of the custom house.

By way of illustration, follow the steps that must be taken in the apparently simple matter of making payment of duties after what is called "informal entry." This is "informal" only because it is subject to later review and possible revision after it has been duly considered by a dozen or two clerks and officials.

The uninitiated might fancy that after the importer had submitted his invoice and his goods had been inspected, he would receive a statement of the duty to be paid; and in return he would send his check for the

letter to the Secretary of the Treasury, at Washington, outlining in general terms the facts in his case. In due course an official will be delegated to make an investigation and report. If satisfied that the manufacturer is acting in good faith and is actually using the goods in such quantities as he claims, the report of the official will almost certainly be in favor of granting the refund. After this has been done whenever export shipments are made, it is necessary only to fill out documents similar to the models accompanying this chapter and place them into the hands of a New York broker who makes a specialty of obtaining drawback allowances. In due course of time remittance will follow from Washington. Practically all of the red tape involved in the transaction is taken care of by experienced brokers.

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The uninitiated might fancy that after the importer had submitted his invoice and his goods had been inspected, he would receive a statement of the duty to be paid; and in return he would send his check for the

amount. However, it is not so simple as this. The following are the custom-house instructions as to this one step in the process of importing goods: After what is called the Naval Office Entry is filled out, that paper must (1) be presented to entry clerk at free-permit desk for statement of duty; when ready for payment the entry will be found at the desk of the transit clerk; (2) it must then be taken to the store bookkeeper for estimate of storage; (3) thence, it goes to the pay-duty cashier's office; (4) next, to the deputy collector for his signature; (5) now, to the naval office cashier for his record; (6) finally, to the deputy naval officer for his signature. These steps are not automatic—a messenger familiar with the custom house must personally take the document from office to office. Any amount of time may be wasted and all sorts of questions, even complications, may arise anywhere along the line.

Incidentally it may be observed that there are several hundred different blank forms involved in all the complex operations of importing the infinity of goods required by our civilization. Some of those forms are supplied free of charge by the Government; others are sold by privileged individuals; some are obtainable in one office, others in another; some are printed privately by importers; all must be filled out by the broker without assistance or suggestion from the officials.

The number and variety of forms used in handling import traffic make it impossible to reproduce them here, but those already shown and the Importers' Oath on Entry and Payment of Duties, shown on page 245, Form of Declaration, shown on page 248, and Oath on Entry of Domestic Merchandise Returned, shown on page 252, will serve to illustrate the complexities to be met with in this kind of work.

Know all men by these presents, that we, , as principal, and , as surety, are held and firmly bound unto the United States of America, in the sum of dollars, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, by these presents.

Witness our hands and seals, this day of , 19

Whereas the above-bounden principal hath this day entered at the Port of New York certain goods, wares, and merchandise, imported in the steamship and described in consumption entry dated , 19 , numbered and in the invoice accompanying the same; and whereas said principal has requested the delivery to him of all packages described in said entry and invoice which shall not be designated for examination (under section 11 of the Food and Drugs Act of June 30, 1906; or for inspection and appraisement under sections 2901 and 2939 of the Revised Statutes;)

Now, therefore, the condition of this obligation is such that if the above-bounden principal shall redeliver the said packages to the order of the Collector, when demanded, pursuant to said section 11 of the Act of June 30, 1906; or to the order of the Collector, if he shall require the same under section 2899 R. S., within ten days after the packages or quantities sent to the public stores or designated for appraisement shall have been appraised and reported to the Collector, and also if in the meantime none of the said packages to be delivered under section 2899 R. S. shall have been opened without the consent of the Collector or Surveyor, given in writing, and in the presence of one of the inspectors of customs, then this obligation to be void; otherwise, to remain in full force and virtue.

Signed, sealed, and delivered in the presence of— L. S.

Witness.

Witness. L. S.

Fig. 33.—Importer's Oath on Entry and Payment of Duties

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Know all men by these presents, that we, , as principal, and , as surety, are held and firmly bound unto the United States of America, in the sum of dollars; for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, by these presents.

Witness our hands and seals, this day of , 19

Whereas the above-bounden principal hath this day entered at the Port of New York certain goods, wares, and merchandise, imported in the steamship and described in consumption entry dated , 19 , numbered and in the invoice accompanying the same; and whereas said principal has requested the delivery to him of all packages described in said entry and invoice which shall not be designated for examination (under section 11 of the Food and Drugs Act of June 30, 1906; or for inspection and appraisement under sections 2901 and 2939 of the Revised Statutes;)

Now, therefore, the condition of this obligation is such that if the above-bounden principal shall redeliver the said packages to the order of the Collector, when demanded, pursuant to said section 11 of the Act of June 30, 1906; or to the order of the Collector, if he shall require the same under section 2899 R. S., within ten days after the packages or quantities sent to the public stores or designated for appraisement shall have been appraised and reported to the Collector, and also if in the meantime none of the said packages to be delivered under section 2899 R. S. shall have been opened without the consent of the Collector or Surveyor, given in writing, and in the presence of one of the inspectors of customs, then this obligation to be void; otherwise, to remain in full force and virtue.

Signed, sealed, and delivered in the presence of— (L. S.)

Witness.

Witness. (L. S.)

Fig. 33.—Importer's Oath on Entry and Payment of Duties

One form in quite common use is of practical interest to importers located at inland points, such as Chicago. In cases where the duty is not paid at the point of entry, but is to be paid at some interior point, the carrier's manifest shown on page 254 is used. In handling such traffic the carriers assume the responsibility of seeing that the shipments are not tampered with until the customs officer at the interior point has advised that all the requirements of the Government have been complied with.

It may be doubted if more numerous, more complex, more exasperating, and more annoying details surround any other business. If there is one branch of the many-sided work of the Government that cries for the services of an efficiency engineer, that branch is the custom house. There, modern business systems seem neglected, if not unknown; there, forms a hundred years old are still in use and routine involves the maximum, not the minimum, number of motions.

The importer receives from the foreign shipper of the goods a bill of lading, a supplier's invoice, and a consular invoice signed by an American consul. These papers accompanied by an importer's declaration and oath, must go to the custom house. This oath is in one form if goods have been bought; in another, if sent on consignment. An entry blank has also to be filled out with extreme care (and there are a number of different kinds), for it binds the importer; mistakes, especially in prices, involve trouble and penalties. Invoiced prices must sometimes be increased for custom-house purposes. The Government will not permit payment of duty on job lot or special discount values. The law provides that duty shall be assessed on the value of similar merchant

dise in usual wholesale quantities at the date of shipment of the goods. If foreign prices have advanced since the goods were contracted for, perhaps many months earlier, the importer must enter them at prevailing market rates. If he does not, the appraiser will probably do it for him and he may pay dearly for assuming that the Government is interested only in what the goods actually cost him.

It is not necessary to withdraw imported goods immediately—which in this connection means as soon as possible. A warehouse entry may be made without payment of duties. The goods may be stored in bonded warehouse for as long as three years before duties have to be paid, or goods shipped out of the country. A duty-paid entry may be made for some cases in a shipment, and the rest sent to warehouse; or, after warehousing all, the cases may be withdrawn, one by one, as wanted. In each instance the duties paid are at the rates in effect at the time of payment. Various forms are provided to control these and other processes in the same connection.

The importer presents his invoice, bill of lading, declaration, and entry to the entry clerk or deputy collector of the port, with a certified check for the amount of duty as he has estimated it.[9] The duty entry clerk may, however, consider that estimated rates of duty are too low and demand an additional deposit. In any case these rates are only tentative and subject to revision by the appraiser after examination of the goods. Any excess paid is refunded after final liquidation of the entry, usually about three months later.

[9] Until 1910 all duties had to be paid in gold or silver coin. Now, certified checks are accepted.

TREASURY DEPARTMENT.
Customs Cat. No. 3289.
Art. 205, C. R. 1908.
Ed. 150,000—F. C., May 10-12.

DECLARATION OF OWNER IN CASES WHERE MERCHANDISE HAS BEEN ACTUALLY PURCHASED.

I, ..., do solemnly and truly declare that I am the owner by purchase of the merchandise described in the annexed entry and invoice; that the entry now delivered by me to the collector of ..... contains a just and true account of all the goods, wares, and merchandise imported by or consigned to me, in the ....., whereof ..... is master, from ..... that the invoice and entry, which I now produce, contain a just and faithful account of the actual cost of the said goods, wares, and merchandise, and include and specify the value of all cartons, cases, crates, boxes, sacks, casks, barrels, hogsheads, bottles, jars, demijohns, carboys, and other containers or coverings, whether holding liquids or solids, which are not otherwise specially subject to duty under any paragraph of the tariff Act, and all other costs, charges and expenses incident to placing said goods, wares and merchandise in condition, packed ready for shipment to the United States, and no other discount, drawback or bounty, but such as has been actually allowed on the same; that I do not know nor believe in the existence of any invoice or bill of lading other than those now produced by me, and that they are in the state in which I actually received them. And I further solemnly and truly declare that I have not in the said entry or invoice concealed or suppressed anything whereby the United States may be defrauded of any part of the duty lawfully due on the said goods, wares, and merchandise; that to the best of my knowledge and belief the said invoice and the declaration thereon are in all respects true, and were made by the person by whom the same purport to have been made, and that if at any time hereafter I discover any error in the said invoice or in the account now produced of the said goods, wares, and merchandise, or receive any other invoice of the same, I will immediately make the same known to the collector of this district.

.....

Port of .....

....., 19....

Personally appeared before me, at the place and time above written, ...

known to me to be the identical person named, and subscribed and made declaration to the foregoing: .....

.....

.....

.....

.....

☞ NOTE.—This declaration may be made before a notary public duly designated by the Secretary of the Treasury, or before the Collector or his deputy. If before a notary the words "witness my hand and official seal the date above written" should be added to the jurat. 3—2289

FIG. 34.—Form of Declaration to Accompany Invoice and Entry

The entry clerk also designates certain cases from among those included in the shipment to be sent to the appraiser's stores for examination. The law requires that at least ten per cent of the goods shall be inspected and valued. He uses his own discretion in picking out those numbers that are to be verified (e. g., out of five cases, numbers 1 and 4), with the intention of circumventing dishonest importers, who cannot foresee which cases will be chosen for examination. In addition, the naval officer, who receives the papers from the entry clerk, may increase the list of cases to be sent to the appraiser. These naval officers, stationed at only a few of the larger ports, audit and verify the work of the collectors at their respective ports. At the smaller ports, the auditor for the Treasury Department, at Washington, fulfills the same duties.

A portion of all goods imported is sent, as just noted, to the appraiser's warehouse for examination. The importer, after payment of duty, must now execute a bond with sureties, for a sum twice the value of the goods and conditioned upon an agreement to return the packages unopened to the collector upon his request; he must agree also that the goods will not be opened without the collector's consent until ten days after the appraiser has completed his work and made his report to the collector. Naturally this antique provision is a dead letter and its retention in the form of bond required is the subject of repeated and severe criticism. After the bond has been supplied in satisfactory shape, a permit is issued for the delivery of all the cases that have not been sent to the appraiser's stores, and with it in hand a truckman may obtain them from the steamship pier.

Meanwhile the sample cases that have been ordered to

letter to the Secretary of the Treasury, at Washington, outlining in general terms the facts in his case. In due course an official will be delegated to make an investigation and report. If satisfied that the manufacturer is acting in good faith and is actually using the goods in such quantities as he claims, the report of the official will almost certainly be in favor of granting the refund. After this has been done whenever export shipments are made, it is necessary only to fill out documents similar to the models accompanying this chapter and place them into the hands of a New York broker who makes a specialty of obtaining drawback allowances. In due course of time remittance will follow from Washington. Practically all of the red tape involved in the transaction is taken care of by experienced brokers.

Although the task of obtaining drawback allowances is by no means so formidable as might at first be fancied, it is a rather curious fact that comparatively few American manufacturers have taken advantage of the provisions of the law in this respect. The claims upon the Government have been so few that the law might almost be considered a failure. This does not seem to have been the fault of the law or of the procedure in such cases, but seems rather to be due to general ignorance on the part of the public or dread of the required formalities. Claims for drawback have, however, been allowed on hundreds of kinds of imported dutiable goods and materials.

When the exporting manufacturer is not himself the importer he must arrange with the actual importer (probably the houses from whom he purchased the supplies) to lend assistance in satisfactorily identifying the duty-paid imports. The date on which and steamer by

Know all men by these presents, that we, , as principal, and , as surety, are held and firmly bound unto the United States of America, in the sum of dollars; for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, by these presents.

Witness our hands and seals, this day of , 19

Whereas the above-bounden principal hath this day entered at the Port of New York certain goods, wares, and merchandise, imported in the steamship and described in consumption entry dated 19 , numbered and in the invoice accompanying the same; and whereas said principal has requested the delivery to him of all packages described in said entry and invoice which shall not be designated for examination (under section 11 of the Food and Drugs Act of June 30, 1906; or for inspection and appraisement under sections 2901 and 2939 of the Revised Statutes;)

Now, therefore, the condition of this obligation is such that if the above-bounden principal shall redeliver the said packages to the order of the Collector, when demanded, pursuant to said section 11 of the Act of June 30, 1906; or to the order of the Collector, if he shall require the same under section 2899 R. S., within ten days after the packages or quantities sent to the public stores or designated for appraisement shall have been appraised and reported to the Collector, and also if in the meantime none of the said packages to be delivered under section 2899 R. S. shall have been opened without the consent of the Collector or Surveyor, given in writing, and in the presence of one of the inspectors of customs, then this obligation to be void; otherwise, to remain in full force and virtue.

Signed, sealed, and delivered in the presence of— L. S.

Witness.

Witness.

Fig. 33.—Importer's Oath on Entry and Payment of Duties

TREASURY DEPARTMENT.
Customs Cat. No. 3312.
Act. 570, U. S. 1908.

OATH ON ENTRY OF DOMESTIC MERCHANDISE RETURNED.

United States Customs Service,
PORT OF NEW YORK,

_____, 19

I, _____, do solemnly, sincerely, and truly swear (or affirm) that the several articles of Merchandise mentioned in the entry hereto annexed are, to the best of my knowledge and belief, truly and bona fide of the* _____ of the United States; that they were truly exported and imported as therein expressed; that they are returned without having been advanced in value or improved in condition by any process of manufacture or other means, and that no drawback, bounty, or allowance has been paid or admitted thereon, or on any part thereof.

_____

Sworn to this _____ day of _____, 19

_____, *Collector.*

*Insert "growth," "production," or "manufacture," according to the facts.

FIG. 35.—Oath to Be Taken in Order to Secure Free Entry of Returned Goods of American Origin

officials constituting the board of United States general appraisers, one of whom is assigned to the case. He gives both Government and importer a hearing, having power to compel the attendance of witnesses and to take testimony. After the general appraiser renders his decision, either the collector or the importer may appeal for another reappraisement by a board of three other general appraisers who are assigned by the full board of nine. These three general appraisers hold other hearings which are almost identical in form and formality with the proceedings of a court of law. Their decision is final as to values, but an appeal as to the rate of duty may still be taken to the United States Court of Customs Appeals. This court consists of five judges, experts in customs law. Its decisions are final and binding on Government and on importer.

After all disputes have been settled, the importer's invoice is taken in hand by the clerks of the seventh division and the amount of duty carefully computed in accordance with the final decision. Previous calculations have merely been tentative and subject to correction, but now the importer is notified of the amount due to him or from him, and the transaction is definitely closed.

The outline thus rapidly and roughly sketched of some of the intricacies of import procedure may suffice to give a faint idea of the activities of a custom-house broker. There are scores of other complications. There are different documents to be filed when imports are to be shipped in bond to other than import points in the United States, when goods are to be shipped to Canada, or when they are to be exported elsewhere out of the country. Returned goods of American manufacturers require

the appraiser's warehouse—the Public Stores—are taken in charge by a large force of men headed by the appraiser, assistant appraisers, examiners, and assistant examiners. The examiners act as the actual appraisers. They count, weigh, analyze, and value the samples of merchandise, check up the invoice for the case in question and note on it, for the benefit of the collector, the tariff classification and rate. Their reports are signed by the assistant appraiser and the appraiser, and are returned to the collector.[10] If value and rate of duty at which the importer originally entered his invoice are pronounced correct, a delivery permit is issued, on presentation of which the importer is given possession of his goods.

But trouble follows if the examiner's ideas as to the value or rate of duty properly payable differ from the importer's. Through long experience the examiners usually become experts as to valuations as well as tariff classifications. Their expertness comes also from study of market reports, inquiries of competitors, and from reports of the trained force of investigators maintained by the Treasury Department, at home and abroad, to ascertain selling prices and costs of manufacture. These investigators are aided by officials of the consular service who are supposed to know if the prices on the invoices presented to them for certification before shipment to the United States are fair and honest. If they have reason to believe otherwise, it is their duty to make confidential reports either as to the general undervaluations or as to suspected specific instances.

[10] The routine described is that followed in New York, where over 1,000 invoices are said to be examined daily.

If the examiners and appraisers decide that the importer's entry value was below the ruling price for the same or similar goods on the date of exportation from abroad, a note of the difference is made on the invoice, and is approved by the assistant appraiser and the appraiser. It is next sent to the seventh division (the liquidating division) in the custom house, where the required additional duty is determined.

The tariff act provides that one per cent additional duty shall be charged for each one per cent increase in valuation over that of the invoice. This is a heavy penalty to pay for an attempt to cheat the Government, or for an honest error in estimating the usual price for similar goods. Thus, if the tariff is 25 per cent the duty on $100 is $25; but if the appraiser says that the importer's valuation of $100 ought to be $120, the duty would be 25 per cent plus 20 per cent, or 45 per cent on $120, the importer paying $54 duty instead of the $30 only which he would have paid had he himself originally fixed the valuation at the higher figure.

If the advance in value made by the appraiser exceeds 75 per cent of the invoice price, fraud is assumed, the papers are sent to the law division and thence to the district attorney, the goods seized, confiscated, sold at auction, and their proceeds paid into the United States Treasury.

Opportunities are afforded dissatisfied importers to obtain relief from what they may claim or believe to be unjust appraisals as to values or rates, unfair fees or charges, duties paid on excessive quantities or weights, on shortages, etc. Within ten days the collector may be asked to have a reappraisement made by a general appraiser. The collector presents the matter to the nine

TREASURY DEPARTMENT.
CUSTOMS CIR. NO. 5818.
Act. 570, U. S. 1908.

OATH ON ENTRY OF DOMESTIC MERCHANDISE RETURNED.

United States Customs Service,
PORT OF NEW YORK,

_____, 19

I, _____, do solemnly, sincerely, and truly swear (or affirm) that the several articles of Merchandise mentioned in the entry hereto annexed are, to the best of my knowledge and belief, truly and bona fide of the* _____ of the United States; that they were truly exported and imported as therein expressed; that they are returned without having been advanced in value or improved in condition by any process of manufacture or other means, and that no drawback, bounty, or allowance has been paid or admitted thereon, or on any part thereof.

_____

Sworn to this _____ day of _____, 19

_____, *Collector.*

*Insert "growth," "production," or "manufacture," according to the facts.

FIG. 35.—Oath to Be Taken in Order to Secure Free Entry of Returned Goods of American Origin

[illegible]

[illegible]

[illegible] _____ 191

I certify that the within manifest is correct; that the packages within described have been laden upon the car or other conveyance therein specified, and that I have fastened the car or other conveyance in which such merchandise is laden with customs seals or customs locks Nos.

_____

[illegible]

[illegible]

I certify that the within manifest is correct; and that the packages within described have been properly corded and sealed and have been laden in the car or other conveyance therein specified.

_____

[illegible]

[illegible]

_____ 191

[illegible]

I certify that I have superintended the transfer of the goods described in the within manifest from to that I have compared said goods with the description thereof contained in said manifest, and that I have fastened said car or conveyance with customs seals or customs locks Nos.

_____

[illegible]

a [illegible]

b [illegible]

[illegible]

MERCHANDISE IMPORTED

INTO THE

Port of NEW YORK

AND

Laden on _____

FOR TRANSPORTATION TO THE

Port of _____

By way of † _____

_____

*191—

_____

*Insert name of railroad or other transportation company; if vessel, insert the name thereof.

† State the route and conveyance as in the entry

(Back)

FIG. 37.—Back of Carrier's Manifest

statements as to date of exportation, name of steamer by which exported, marks of cases, etc. Importations of live animals and of some foods and food products require special treatment and sometimes certificates as to healthfulness. Imported trees and plants may have to be sent to special quarantine stations for examination and for certain periods of observation.

No one handbook, to say nothing of a single chapter, will ever suffice to give more than a glimpse of the highly technical ramifications of the process of clearing imported goods through the United States custom-house. The smaller the port of entry and the less busy the custom-house, the easier, quicker, and freer from red tape the necessary procedure.

During the continuance of the war in Europe many and varied documents are required in shipping to the neutral as well as the belligerent countries in Europe. In some instances European buyers of goods must supply licenses or permits issued by their own governments or officially designated bodies. In others, Letters of Assurance have to be secured from the Trade Department of the British Embassy at Washington. These regulations are frequently changed, and shippers should inquire as to necessary formalities of the leading consular representatives in the United States of the countries to which it is proposed to make shipment.

TEST QUESTIONS

1. Why is it important to follow explicitly the packing directions of the foreign customer?
2. How may duties be saved in many cases by careful attention to packing? How freight charges?
3. In what ways are goods packed to protect them against damages from dampness or sea water?
4. What are some of the most important points to consider

in addressing export packages?

5. What are the advantages of the abbreviated address?

6. What is meant by the terms gross weight, net weight, and legal weight, as used in export shipping?

7. What are the rules for measuring packages of irregular shape?

8. What is a bill of lading? By whom issued?

9. What is meant by jettison? Barratry? General average?

10. Explain the negotiability of bills of lading.

11. Why must a bill of lading drawn to order be endorsed by the shipper before a third party can claim goods upon the bill of lading?

12. Why should a bill of lading be sent to the consignee or his agent immediately after it is drawn?

13. Explain the use of through bills of lading.

14. What is a minimum bill of lading?

15. What are parcel receipts?

16. What is the distinction between a consular invoice and a certificate of origin? In what connection is each used?

17. Explain the procedure that is necessary in despatching export shipments.

18. Explain what is meant by despatching foreign shipments in bond.

19. Explain what is meant by a drawback. How can an American exporter avail himself of a drawback?

20. As an importer, how would you secure possession of imported goods at the custom-house?

CHAPTER IX

HANDLING SMALL EXPORT SHIPMENTS

1. The Post as an Aid to Foreign Business

For the shipment to foreign countries of goods in limited quantities or small packages, merchants and manufacturers have at their disposal the parcel post services and the express companies. The former are organized by the United States Government by agreement with certain other Governments and the latter are private enterprises and may more properly be termed foreign freight forwarders. Both help materially in assisting international commerce and often relieve what otherwise would be an intolerable condition.

The foreign parcel post service of the United States is not perfected in some respects as in most European countries. Our competitors in these countries enjoy better facilities as to rates of postage, size of parcels, etc.; some of them even include C. O. D. privileges. Parcel post conventions, as now in force, do not include many important markets with which the United States ought to establish a cheap and easy means of exchanging goods. For these reasons the extension of this service is of the utmost importance.

2. Parcel Post Regulations and Rates

The rules governing our foreign parcel post system are to be found in the Official Postal Guide, in most almanacs, and in sundry handbooks; they may be studied

in detail, with the latest modifications, at any local post office. In general, the rules provide that parcels may be forwarded by United States mails and international services to countries with which parcel post conventions have been negotiated, provided that such parcels do not weigh over 11 pounds or measure over 6 feet in greatest length and girth combined. To a few countries the value of packages that may be forwarded by parcel post is limited to stated amounts, and in exceptional cases it is not possible to register parcels. The rate of postage is 12 cents per pound or fraction of a pound.

Parcels must be taken to the post office. They must not contain writing in the nature of correspondence and must not be sealed, at least until they have been examined by the officer in charge. Special labels are provided for such parcels, stating contents, values, etc. It goes without saying that parcels of merchandise, by mail or otherwise, must pass the scrutiny of the custom house in the country of destination. It is said that in some countries this examination is perfunctory in the case of the parcel post.

The regulations forbid the enclosure, in a parcel intended for despatch by parcel post, of separately wrapped and addressed packages to be remailed by addressee. But in view of the limited extent of services from this country, as compared with the world-wide facilities available from some European countries, it is scarcely to be wondered at if business men occasionally post a parcel to friends abroad (Great Britain is a free trade country with few custom-house complications), observing the letter of the law by refraining from addressing the package enclosed, but instructing their friends under separate cover as to reforwarding. Even at the expense necessitated of double parcel postage, this

is said to be found the only way of avoiding absurdly high charges in getting a small parcel through to some countries of the world.

Apparently a good many Americans are not familiar with our sample post regulations, which reach all countries in the Postal Union and sometimes suffice for small and light samples, etc. The limit of weight for packages by sample post is 12 ounces; the rate is 2 cents for the first 4 ounces and 1 cent for each additional two ounces or fraction thereof. As this rate is intended only for samples which have no commercial value, objection is sometimes raised if an attempt is made to use it on packages containing intrinsically valuable goods. However, a pair of very light slippers, by way of example, might perhaps be thus shipped to any part of the world in two sample packages, at a total cost of, say, 12 cents, one package being posted at one time, the other somewhat later. This subterfuge is not worth while on the score of expense, when parcel post is available.

In the absence of the latter facility, some samples may thus be put into the hands of prospective customers in the Argentine Republic, for instance, at not too extravagant a cost. Yet, the Argentine correspondents might have to pay double ordinary duty on shoes, gloves, etc., arriving one of a pair at a time, because efforts to avoid payment of duty in this manner are only too well known in every country. Sample post answers well enough up to its limit of twelve ounces (gross) in the case of articles of no actual value. It may even be utilized in sending small bottles of liquids, protected by both tin and wooden containers, as authorized by post-office regulations. On pages 261 to 264 are shown some of the post-office regulations.

FOREIGN PARCEL POST EXCHANGES.

AUSTRALIA.

AUSTRIA, including the Austrian offices in the Ottoman Empire at Alexandretta, Beyrout, Caifa, Candia, Canea, Cavalla, Chios, Dardanelles, Durazzo, Ineboli, Jaffa, Janina, Jerusalem, Kerassonda, Mersina, Mytilene, Prevesa, Retimo, Rhodes, Salonica, Samsoun, San Giovanni di Medua, Santi Quaranta, Scutari d'Albanie, Smyrna, Trebizond, Tripoli (Syria), Valona, Vathi (Samos).

BAHAMAS.

BARBADOES.*

BELGIUM.

BERMUDA

BOLIVIA.

BRAZIL.*

BRITISH GUIANA.

CHILE.

COLOMBIA.*

COSTA RICA.

DANISH WEST INDIES, (St. Croix, St. John, St. Thomas)

DENMARK, including Iceland and Faroe Islands.

DOMINICAN REPUBLIC

DUTCH GUIANA*

DUTCH WEST INDIES (Aruba, Bonaire, Curacao, Saba St. Eustatius and the Dutch part of St. Martin).*

ECUADOR.*

FRANCE (excluding Algeria and Corsica).*

GREAT BRITAIN.*

GUADELOUPE (includ'g Marie Galante, Les Saints, St Bartholomew and the French portion of St. Martins)*

GUATEMALA

GERMANY.

1. GERMAN OFFICES IN AFRICA.—CAMEROON (KAMERUN) Duala, Akonolinga, Bamenda, Banjo, Bibundi, Bipindihof, Bonaberi, Bonambeai, Buea, Campo, Dschang, Dume, Ebolowa, Edea, Garua, Jabassi, Jaunde, Johann-Albrechtshohe, Joko, Kribi, Kusseri, Lobetal, Lolodorf, Lomie, Longji, Marienberg, Molundu, Mundeck, Nyanga, Ossidinge, Plantation, Rio del Rey, Victoria.

2. TOGO. — Lome, Agome-Palime, Anecho, Assahun, Atakpame, Kete-Kratschi, Ho, Kpandu, Noepe, Nuatja, Porto Seguro, Sokodo, Tokpli, Tsewie.

GERMAN EAST AFRICA. —Daressalam, Tanga, Amani, Aruscha, Bagamojo, Bismarckburg, Buiko, Bukoba, Iringa, Kilimatinde, Kilossa, Kilwa, Kondoa-Irangi, Korogwe, Lindi, Mahenge, Mikindani, Mkalama, Mkumbara, Mohoro, Mombo, Morogoro, Moschi, Mpapua, Muaja, Muansa, Muhesa, Neu-Langenburg, Ngerengere, Pangani, Ruanda, Sadani, Schirati, Ssongea, Tabora, Tschole, Udjidji, Usumbura, Wiedhafen, Wilhelmstal.

4. GERMAN SOUTH-WEST AFRICA.—Windhuk, Luderitzbucht, Swakopmund, Arahoab, Arls, Aub, Aus, Berseba, Bethanien, Brackwasser, Brackwater (Bz. Windhuk), Empfangnisbucht, Epukiro, Fahlgras (Bz. Windhuk), Gibeon, Gobabis, Gochas, Grootfontein, Gross-Barmen, Gross-Witvley, Guchab, Haris, Hasuur, Hatsamas, Hoachanas, Hohewarte, Jakalswater, Johann-Albrechtshohe, Kalkfeld, Kalkfontein (Sud), Kanus, Karibib, Keetmanshoop, Khan, Koes, Kolmannskuppe, Kub, Kubas, Kuibis, Maltahohe, Mariental, Nauchas, Neudamm, Okahandja, Okasise, Okaukwejo, Okombahe, Omaruru, Onguati, Osona, Otawi, Otjihawera, Otjimbingwe, Otjiwarongo, Otjosonjati, Outjo, Prinzenbucht, Ramansdrift, Rehoboth, Seeheim, Seeis, Tsumeb, Ukamas, Usakos, Waldau, Warmbad, Waterberg, Wilhelmstal.

5. GERMAN POST OFFICE AT SHANGHAI. — Chinkiang, Hankow, Nanking, Tsinanfoo, Weihsien, Kiowchow, Litsun, Mecklinburghaus, Shatsikoo, Sitang, Taputow, Tsangkow, Tsingtow, Tsingtow - Grosser-Hafen, Tsingtow Tapatau, Shanghai.

6. GERMAN SAMOA.

GREECE.*

HAITI.

HONDURAS, (British)

HONDURAS (Republic of)

HONG-KONG.

Aberdeen, Amoy, Au Tau, Canton, Chungchow, Foochow, Hojhow (Kingchow), Hong Kong, Kowloon, Liu Kung Tau, Ningpo, Ping Shan, Sai Kung, Sha Tin, Shoo Tow Kok, Shanghai, Sheung Shui, Stanley, Swatow, Tai O, Tai Po, Wei Hai Wei.

HUNGARY

IRELAND.*

ITALY.

1. ITALIAN OFFICES IN OTTOMAN EMPIRE (TURKEY)—Bengazi (North Africa), Durazzo (Albania), Galata (Constantinople), Jerusalem (Palastine), Canea (Crete), Pera (Constantinople), Salonica (Roumelia), Scutar (Asia Minor), Smyrna (Asia Minor), Stamboul (Constantinople), Tripoli-in-Barbary, Valona (Albania).

2. ITALIAN COLONY OF ERYTHREA (AFRICA) Ady Caje, Adi Ugri, Agordat, Asmara, Assab, Keren, Nefasit, Massaua, Saganeitl.

3. ITALIAN PROTECTORATE OF BENADIR—Brava, Giumbo, Merka, Mogadiscio.

JAPAN.

IN MANCHURIA—Antoken (Antung), Bujun (Fushun), Choshun (Changshun), Dairen (Tairen, Talien, formerly Dalney), Daisekkio (Tashichiao), Daitoko (Tatungkou), Furanten (Pulentien), Gaihei (Kaiping), Giukaton (Newchatun), Gwaboten (Wafantein), Hishiko (Pitzuwo), Honkeiko (Pengshihu), Hoten (Mukden), Howojro (Fenghuangcheng), Kaigen (Kaiyuen), Kaijo (Haimueng), Kinshu (Chinchow), Koshurei (Kungchuling), Riojun (Port Arthur), Rioyo (Liaoyang), Riujuton (Liushutun), Senkinsai (Chienchinsai), Shiheigai (Ssupingchien), Shoto (Changtu), Shinminfu (Shingmingfu), Sokato (Tsaohokow), Sokaton (Suchiatun), Taikzan (Takwshan), Tetsurei (Tiehling), Yendai (Yentai), Yugakujreo (Hsiungyocheng).

IN CHINA — Amoy, Changsha, Chefoo, Foochow, Hangchow, Kiukiang, Newchwang, Peking, Shanghaikwan, Shasi, Soochow, Tongku, Tientsin, Wuhu.

IN KARAFUTO—Saghalien.

FORMOSA.

KOREA.

JAMAICA (including the Turks and Caico Islands).

LEEWARD ISLANDS, (Antigua, with Barbuda and Redonda, St. Kitfs, Nevis, with Anquilla, Dominica, Montserrat and the Virgin Islands)

LIBERIA

MARTINIQUE*

MEXICO.*

NETHERLANDS.*

NEW FOUNDLAND.

NEW ZEALAND (including Fanning Island).

THE COOK ISLANDS, including Aitutaki, Atin, Hervey (Manual), Mangaia, Mauke, Mitiaro and Rarotonga; also the Islands of Palmerston (Avarau), Manahik, Penrhyh (Tongreva), Pukapuka (Danger), Rakaanga, Savage (Nide) and Suwarrow.

NICARAGUA.

NORWAY.

PANAMA (Certain offices).

PERU.

SALVADOR.

SWEDEN.

TRINIDAD (includ'g Tobago)

URUGUAY.†

VENEZUELA.

WINDWARD ISLANDS (Grenada, St. Vincent, Grenadines and St. Lucia)

* See paragraphs under heading "Exceptions."

Fig. 38.—Excerpts from Official Post-Office Guide

Unsealed packages of mailable merchandise may be sent to above-named places subject to the conditions herein prescribed, viz:

Limit of weight	11 pounds
Greatest length	3 feet 6 inches
Greatest length and girth combined	6 feet
Postage	12 cents a pound or fraction

***EXCEPTIONS**

Except that parcels for Colombia and Mexico must not measure more than two (2) feet in length or more than four (4) feet in girth.

Parcel-Post packages for Barbadoes, Dutch Guiana, Dutch West Indies, France, Guadeloupe, Great Britain, Ireland, Greece, Martinique, Netherlands and Uruguay cannot be registered.

The parcel-post service to Brazil is strictly limited to the cities of Rio de Janeiro, Sao Paulo, Bello Horizonte, Bahia, Pernambuco (Recife), Para and Curityba. Parcels addressed to other destinations in Brazil can only be delivered if arrangements have been made by the addressee for their transmission from one of the seven above mentioned offices to the office of destination or sent at the sender's risk. Such parcels must be endorsed "Delivery Arranged" or "Sender's Risk."

A parcel when sent as Parcel Post must not be posted in a letter box, but must be taken to the Foreign Branch, General Post Office, or any Carrier Station, where a declaration of contents must be made, a record kept and a receipt given for the parcel. Packages for Dutch Guiana, Dutch West Indies, France (special form), Guadeloupe, Martinique, Netherlands, Salvador and Uruguay require two declarations, and Venezuela three.

DOMESTIC PARCEL-POST RATES AND CONDITIONS

To Canada, Cuba, Mexico and the Republic of Panama; also to our several Territories and Possessions.

The postage rate on fourth-class matter to the Hawaiian Islands, United States Postal Agency at Shanghai, Alaska, Canal Zone, Guam, Philippines, Porto Rico, Tutuila, Canada, Mexico, Cuba and Republic of Panama, except for parcels weighing four ounces or less, on which the rate is 1 cent for each ounce or fraction thereof, is 12 cents for the first pound and 12 cents for each additional pound or fraction thereof.

The limit of weight on packages addressed to Canada Cuba, Mexico and the Republic of Panama is four pounds six ounces, to the Hawaiian Islands, Shanghai, China, Alaska, Canal Zone, Guam, Philippines, Porto Rico and Tutuila twenty pounds. Parcels up to 11 pounds in weight may also be sent by foreign parcel post to Mexico and the Republic of Panama under the terms of the Parcel Post Conventions with those countries. See Foreign Parcel Post Exchanges.

Parcels for Canal Zone, Mexico and Republic of Panama must be accompanied by customs declarations.

C. O. D. parcels shall not be accepted for Canada, Mexico, Cuba, Republic of Panama or the Philippine Islands.

Packages to Canada, Cuba, Mexico and Republic of Panama cannot be insured, but may be registered.

Liquids and fatty substances, except samples thereof are unmailable to Cuba and the Republic of Panama.

FIG. 38.—Continued

RATES OF POSTAGE and LIMIT OF WEIGHT to Foreign Countries.

Letter Postage to Germany is two (2) cents an ounce or fraction (in direct German steamers only, otherwise the same as other foreign countries): to Newfoundland, Great Britain and Ireland, two (2) cents an ounce or fraction, other articles same as for other foreign countries.

The rates of postage for other foreign countries (except Canada, Mexico, Panama and Cuba, which are the same as domestic rates) are as follows:

Letters, for the first ounce or fraction	5 cents
" for each additional ounce or fraction of an ounce	3 cents
Postal Cards, each	2 cents
Newspapers and other printed matter, for each 2 ounces or fraction	1 cent
Registration Fee on letters or other articles	10 cents
Commercial Papers, packages not in excess of 10 oz.	5 cents
" " packages in excess of 10 oz., each 2 oz. or fraction	1 cent
Samples of Merchandise, packets not in excess of 4 oz	2 cents
" " " packets in excess of 4 oz., each 2 oz. or fraction	1 cent

Limit of Weight—Packages of printed matter and commercial papers, 4 lbs. 6 oz.; samples of merchandise, 12 oz.

SAMPLES

Samples of merchandise must conform to the following conditions: (1) They must be placed in bags, boxes or removable envelopes in such a manner as to admit of easy inspection; (2) they must not have any salable value, nor bear any manuscript other than the name or profession of the sender, the address of the addressee, a manufacturer's or trade mark, numbers, prices and indications relating to the weight or size of the quantity to be disposed of, and words which are necessary to precisely indicate the origin and nature of the merchandise; (3) packages containing samples must not exceed 350 grams (12 ounces) in weight, or the following dimensions: 30 centimeters (12 inches) in length, 20 centimeters (8 inches) in breadth, and 10 centimeters (4 inches) in depth, except that when in the form of a roll a package of samples may measure not to exceed 30 centimeters (12 inches) in length and 15 centimeters (6 inches) in diameter.

Articles of glass, liquids, oils, fatty substances, dry powders, as well as live bees, are admitted to the mails as "samples" provided they are packed in the following manner:

Articles of glass must be packed solidly in boxes of metal or wood in a way to prevent all damage to other articles or the employees.

Liquids, oils and substances easily liquefiable must be enclosed in glass bottles hermetically sealed. Each bottle must be placed in a wooden box filled with spongy material sufficient to absorb the liquid in case the bottle should be broken. Finally, the box itself must be enclosed in a case of metal or wood with a screw top, or of strong and thick leather. If wooden blocks perforated to contain several vials or wooden mailing cases are used, measuring at least one-tenth of an inch in the thinnest part, lined with sufficient absorbing material and furnished with a lid, the blocks need not be enclosed in a second case.

Fatty substances, such as ointments, soft-soaps, resins, etc., must be enclosed in an inner cover (box, linen, bag, parchment, etc.), which must be placed in a second box of wood, metal or strong, thick leather.

Dry powders must be placed—if coloring—in bags of leather, gummed cloth or strong oiled paper; and if not coloring, in boxes of metal, wood or cardboard, which bags or boxes must be enclosed in a cloth or parchment bag.

Live bees must be enclosed in boxes which avoid all danger and permit examination of the contents.

FIG. 38.—Continued

COMMERCIAL PAPERS

ARTICLE XVI, UNIVERSAL POSTAL CONVENTION—1. The following are considered as commercial papers, and admitted as such at the reduced postage specified above: All instruments or documents, written or drawn wholly or partly by hand, which have not the character of an actual and personal correspondence—such as papers of legal procedure, deeds of all kinds drawn up by public functionaries, way-bills or bills of lading, invoices, the various documents of insurance companies, copies of or extracts from deeds under private signature, written on stamped or unstamped paper, scores or sheets of manuscript music, manuscript of books or of articles for publication in periodicals forwarded separately, corrected tasks of pupils, excluding all comment on the work, etc.

2. Manuscript sermons and packages of old letters or post cards may be sent by mail to foreign countries at the rate, and under the conditions, applicable to "commercial papers" in Postal Union mails. "Old letters" or "old postcards" are letters which have served the purpose for which they were originally written and not those which have been withheld from mailing beyond the dates they bear. Commercial papers are subject, so far as regards form and conditions to the regulations prescribed for prints.

INTERNATIONAL REPLY-COUPONS

These reply coupons, of the denomination of 6 cents each, are issued for the purpose of sending to correspondents in any of the countries named below. The foreign correspondent may exchange the coupons for postage stamps of that country equal in value to a 5-cent United States postage stamp, using the stamp for reply postage. The countries in which the reply-coupon is valid are as follows:

Argentine, Austria and Austrian post offices in Levant; Belgium; Bosnia-Herzegovina; Brazil; Bulgaria; Chili; Corea; Costa Rica; Crete; Cuba; Denmark (see page 35 U. S. Postal Guide, 1913, for complete list); Danish West Indies; Egypt; France (see page 35, U. Postal Guide, 1913, for complete list); Germany (see page 35 U S. Postal Guide, 1913, for complete list); Great Britain, British post offices in Morocco and Turkey, British colonies of Australia, Bahamas, Bechuanaland, Canada, Cape of Good Hope, Ceylon, Cook Islands, Dominica, East Africa, Ellice, Gibraltar, Gilbert, Gold Coast, Honduras (British), Hong Kong and Hong Kong offices in China, India, Labuan, Malta, Natal, Newfoundland, New Guinea, New Zealand, Seychelles, Sierra Leone, Solomon, Somaliland, South Rhodesia, Straits Settlements, Tasmania, Transvaal, Trinidad, Uganda, Zululand; Greece; Haiti; Honduras (Republic of); Hungary; Italy (see page 35 U. S. Postal Guide, 1913, for complete list); Japan (see page 35, U. S. Postal Guide, 1913, for complete list); Liberia; Luxemburg; Mauritius and Dependencies; Mexico; Netherlands, Netherlands, Guiana, the Netherlands Indies; Norway; Portugal (including the Azores and Madeira); Roumania; Salvador; Siam; Southern Nigeria; Spain; Sweden; Switzerland; Tunis; Turkey.

PREPAYMENT OF POSTAGE

Foreign mail should at all times be fully PREPAID. If not fully prepaid, double the deficiency will be collected upon delivery. See table of rates.

FIG. 38.—Continued

3. Ocean Mail Contracts and Payments

For the transport of our foreign mails the United States Government contracts with vessels enjoying American registry either on a basis of compensation not to exceed the total amount of the postage paid on the mail matter carried, or on the basis of the Ocean Mail Act of 1891. To others than American vessels, that is, to steamers of foreign register, about one-half as much is paid. In any case the money received from the transport of mails may amount to a highly desirable addition to a ship's income.

The value of these contracts will be better realized in considering that if the whole of the postage on foreign letters prepaid at the rate of 5 cents per ounce (2 cents to England and, if carried in German vessels, to Germany), were paid to steamers of United States register, it would amount to $1,792 per ton for first-class mail matter. Ships flying any other flag receive 35 cents a pound for letters and post cards, which equals $784 per ton. Payments for other than first-class matter are 8 cents a pound to American ships and 4½ cents to vessels of foreign register.

Instead of accepting the total amount of prepaid postage on mail matter transported by them, some American steamship lines have taken advantage of the Ocean Mail Act of 1891, to which reference has already been made. Most prominent among these is the American Line, which carries a part of our mails to the United Kingdom and Europe. This line receives over $600,000 annually, compensation being computed on the basis of the number of miles traveled by the shortest practical route for each outward voyage.

Foreign mails sent from the United States by sea during 1913 aggregated 10,015 tons, of which 1,405 tons were letters and post cards. In 1913 the principal steamship lines carrying foreign mails from our ports received the following sums: North German Lloyd, $320,000; White Star, $219,000; Cunard, $206,000; Oceanic (San Francisco-Australia), $201,000; Panama Railroad and Steamship, $188,000; French, $167,000; Ward (Cuba and Mexico), $149,000; Pacific Mail (Hawaii, China, Manila), $93,000; and the United Fruit Company (Central America), $86,000. In addition to the foregoing for the carriage of the United States mails, the same companies transported closed mails of foreign origin, for which some of them were paid as follows: White Star, $80,000; Cunard, $83,000; and the North German Lloyd, $77,000.[1] Steamships, therefore, are well compensated for bestowing special care on the mails with which they are entrusted, and eagerly seek the privilege of carrying them.

The United States does not restrict the despatch of foreign mails to specially favored lines or to ships of American register. The practice is to forward mails by the first or the quickest steamer. On the other hand, unless letters are especially addressed, England and some other countries disregard the earliest sailings or the quickest vessel, and restrict the despatch of mails to such ships of their own nationality as have received special mail contracts.

The laws of the United States, as of other countries, provide that mail ships must, in every case, give first attention to the mails, which must be delivered to authorized representatives of governments before a passenger

[1] Report of the Second Assistant Postmaster-General, 1913.

is allowed to land or the cargo is broken. The master of a mail ship is obliged to make oath that every letter and every bag, packet, or parcel of letters on board his vessel has been delivered to the post-office.

Incidentally, it may be observed in passing that our Post-Office Department has hitherto made large profits from the international mails. A certain proportion of the postage on each piece of mail matter is debited back to the United States by the countries of destination, for inland carriage and delivery, while the United States in its turn debits to foreign countries of origin a proportionate share of the postage on matter received from them. The debits and credits between the United States and the principal foreign countries usually nearly balance. However, in the total, the balance is against us—by over $200,000 in 1913—indicating that we send more foreign mail matter than we receive. Over one-half of our foreign mails are destined for Europe—England, France, and Germany receiving nearly one-third of the total.

A number of years ago the United States introduced the sea post-office in order to facilitate the prompt distribution of foreign mails. Clerks of the Post-Office Department are detailed to travel on ships that bring the mails from abroad. During the voyage these clerks assort the mail matter so that on arrival the bags may be immediately delivered to branch post-offices in the city of New York or forwarded on the various rail routes to other cities. The Department has found this service very valuable and the example set by our own country has been followed to a limited extent by some others.

4. Foreign Express Services

(a) Their Nature

Perhaps no one subject connected with foreign commerce has been more generally misunderstood than the services of the so-called foreign expresses. Even writers on this subject of high and, in most respects, unimpeachable authority have failed to appreciate the real nature of such services. In their descriptions and explanations they have managed to convey an entirely mistaken impression of this business. In reality there is no such thing as a foreign express. The very name "express" in connection with ocean transportation is a misnomer, except as it applies to the speed of some of the fastest trans-Atlantic boats, which may properly be called express steamers on that one account alone.

So far as express traffic is concerned, there is no such thing in ocean transportation in general; at least, there has never been any such thing until within the past few years. The advent of the Mauretania and Lusitania of the Cunard Line, the Olympic of the White Star Line, and the Imperator of the Hamburg-American Line has presented services which might, perhaps, be called express services to Liverpool, Southampton, and Hamburg, with the possible addition of London, Paris, and Berlin. This service may be called express because of the very limited cargo space available by these fast vessels, the small attention given by the companies to the securing of ordinary cargo, and the high rates of freight demanded for such cargo as is accepted. In their passage from port to port, these boats may be likened to railway express trains, but there all similarity to what we know as express service ends.

However, it is necessary to distinguish between business from the United States to a few countries of Europe and that destined to other parts of the world. Some of the larger companies and firms engaged in the foreign express business have their own offices in England, France, and Germany, and have special arrangements for the prompt delivery of their packages to consignees in and near the capitals or principal commercial cities in those countries. The operations of such a concern in London and Paris, for example, are totally unlike and on an absolutely different plane from the operations of the same transporting agency in delivering goods in Spain, Switzerland, Russia, and other European lands, to say nothing of Australasia, the Orient, South Africa, and Latin America.

One well-known writer on ocean transportation refers to the international express service as traffic in "such articles as require especially rapid and safe transportation and a prompter delivery than can be secured by means of the freight services."[2] Unfortunately, the companies operating as foreign expresses do not give any general, world-wide service of this description. They do not even invariably patronize the fastest boats. Deliveries, as a rule (with the possible exception of those at half a dozen ports), are not any more prompt than are those of general cargo.[3] The only real warrant for the

[2] Johnson, *Ocean and Inland Water Transportation.*

[3] In 1893, when the American Line inaugurated its service of four (for that time) fast steamers to Southampton, rapid discharge of cargo was necessary. In connection with special railway trains, a system was established whereby truckmen delivered ordinary cargo goods to the consignee's door, in London, in from 24 to 48 hours after the docking of the steamer at Southampton. Thus they equaled or excelled the best services of expresses in a field most favorable to them. The example then set has not been followed to any great extent at other ports.

application of the adjective "express" to the services of these concerns is the fact that a large part of their operations consists in the transportation of small parcels.

Some of our American express companies also operate international services, but even the operations of these companies in ocean transportation and in delivery to inland points in most foreign territories are in no respects comparable to what we call an express in the United States. Such companies are merely competitors of the private concerns engaged in the foreign freight forwarding business, although some of them call themselves expresses. All such companies and firms, from the American, the Wells Fargo, and the Adams down to the humblest individual who puts up his shingle as a foreign freight forwarder, are in most respects in immediate competition with one another. All compete for practically the same business, even though some may have better facilities in certain respects or in regard to some countries or ports than the others have. In this connection the American Express Company has made a special feature of its European facilities, particularly from London and Paris. The Wells Fargo is credited with having exceptional relations in trans-Pacific business; the Adams claims facilities in Mexico.[4]

A foreign express company's or a foreign freight forwarder's business is based primarily on the convenience and economy offered to shippers in transporting small shipments. These cannot be economically sent by themselves on an ordinary steamship bill of lading. If a shipper has a single shipment the size of an ordinary hat box,

[4] The work of the Foreign Freight Department of an express company is explained in Chapter XVI of Chandler's *The Express Service and Rates.*

or even a case of goods which may weigh 150 pounds and measure 10 cubic feet, he will have to pay a steamship's minimum bill of lading[5] charge, which may equal the charge on a ton or a ton and a half of bulk freight. If, however, a forwarding company can find half a dozen people who have similarly small shipments to go at about the same time to the same general destination, it will be possible for them to combine these shipments and send them through on one bill of lading. The company may instruct its agent at the port of destination to distribute the different packages to their individual consignees. While each shipper is charged a small advance over his pro rata part of the actual freight paid, he still enjoys the advantage of forwarding his small lot of goods at a lower cost than would have been possible had he attempted to ship it by itself. The profits available to the forwarding agent are obvious. In essence, this is the basis of all foreign express operations.

In despatching shipments by ocean steamship, forwarding agents seldom receive better freight rates than are quoted to general shippers, barring a possible freight brokerage, nor do they enjoy any other facilities that are denied to any experienced shipper. They must engage freight room and arrange rates precisely as would the ordinary individual, and bills of lading are issued to them in their own names. Preferential contracts of any sort are not known to exist.

With the exception of Cuba and Porto Rico (where Americans have installed express services modeled after those in the United States), no country in the world except our own has express companies operating, as do our

[5] Explained in Chapter VIII of this treatise.

American companies, on the railways. Canada and Mexico must also be excepted, but express services on the railways of these countries are so intimately allied and related to those on our own railways that, in this connection, they are hardly to be considered foreign territories. In most foreign countries, particularly in the countries of Europe, there are both fast and slow freight trains (generally known as *grande vitesse* and *petite vitesse)*. However, even the fast freights are regarded somewhat contemptuously by Americans. Especially in European countries, inland parcel post facilities have been developed to perfections and refinements not yet even hoped for in the United States, thus making unnecessary any such railway express services as we know. The greater part of the business of our foreign expresses and freight forwarders consists in port-to-port shipments. Their inland shipments do not, because they cannot, partake in any degree of the nature of our express services. In almost every case they are practically identical with regular through steamship bill of lading shipments, except in so far as combination shipments secure advantages on smaller quantities of freight, which cannot be shipped economically on minimum bills of lading.

(b) Their Facilities

In making preparations to begin or to extend his business, a foreign freight forwarder, or foreign express, makes arrangements with accredited forwarding agents in those other parts of the world where he wishes to do business. He usually makes these connections in as many foreign markets as possible. Forwarding agents, whose

business in general is similar to that of the freight forwarders known in some of the larger cities of the United States, are found in all countries of the world. In Europe they are familiarly referred to as "spediteurs," from the French term *expéditeurs*. There are many large, important, and responsible concerns operating in this capacity. Some of them have 50 or 100 branches.

The American forwarder arranges with these correspondents to consign to their care all shipments which he may forward to their respective territories. The collection of costs and charges, their remittance back to New York, and the general terms of doing even only an occasional business together are all specifically agreed upon. References are exchanged, of course, although in most cases financial liability is not likely to be considerable. Sometimes a foreign correspondent is willing to display (along with his own) a signboard of the American house, which gives the latter the opportunity of claiming a foreign branch. Branch offices advertised by some New York forwarders are legitimately so called; those of some others are of the sort here indicated

The American forwarder energetically solicits business from American shippers. Sometimes he specializes in shipments to certain foreign markets where he has established his own branches or enjoys other special facilities. More often he solicits shipments for any and all foreign destinations.

The services of these foreign freight forwarders, or foreign expresses, are often of great value, sometimes well nigh indispensable, to shippers whose business requires the despatch of goods in limited quantities. They may apply to the man who has only a small paper parcel

to send, or to him who usually ships two or three ca at a time. In neither case is the quantity sufficient secure the most advantageous freight rates. In former instance, the forwarder packs the paper pa together with a number of other parcels into a woo box. This box, perhaps with a good many others, forwarded to an appropriate correspondent abroad. him they are unpacked and distributed. In the sec instance, by grouping a large number of cases the f warder secures the best available rates and facilities. making up combination carloads from interior shipp points, especially for trans-continental shipment, th services may result in very considerable economies.[6]

Furthermore, forwarding agents are a great conve ence to shippers located away from seaports who do have their own houses or representatives at such po Goods arriving at New York, for example, must be tra ferred from the railway terminal to the outgoing oc steamship. The forwarders attend to carting or tra ferring in any fashion that may be required. Bills lading have to be made out, shipments have to be clea at the custom-house, and frequently consular invoi have to be prepared and certified, etc. The forward agents attend to all these matters, sometimes fo lump sum previously agreed upon and sometimes costs plus a fee that is frequently termed "$1 for bil lading." This charge of one dollar does not represent cost of actual copies of the bill of lading, for with but exceptions steamship companies supply any quantit printed bill of lading forms free of charge. Nor does one dollar represent merely the cost of clerical wor

[6] Compare note, Chapter VI, page 147, as to rates of Chicag warders in shipping trans-Pacific freights.

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* Compare n
warders in ship

writing out the several copies of bills of lading that are required. There is a certain profit in it.

The forwarding agents have other ways, also, of making profits on shipments entrusted to them. The business is a complicated one in the extreme. While a good many individuals and firms make satisfactory incomes from it, yet of comparatively few can it be said that evidence points to "get rich fast" practices or conditions. No matter, then, under what disguise their profits are hidden, the forwarders are probably entitled to such compensation as they usually demand.

Several of the large forwarding agents issue elaborate rate sheets showing charges on packages of different weights to all the principal commercial markets of the world. As a rule, however, these printed quotations are purely nominal and few, if any, of the companies adhere strictly to them. None of these published rates is to be considered as anything more than the maximum that is to be charged. In most instances it will be found after negotiation that the rates named are subject to from ten to thirty per cent discount, depending naturally upon circumstances attending a particular shipment, its weight or volume, destination, etc. To simplify matters for the inexperienced shipper, rates are named per pound, although the steamship rate on the commodity involved may be quoted by measurement. The forwarder protects himself by providing that packages must not measure more than 5 cubic feet to each 100 pounds.

Through forwarding agents, shippers may sometimes arrange for the collection of freight charges at destination, even when the steamship companies insist upon prepayment This accommodation, however, is not always to be bad. It depends to some extent on the de-

TARIFF FROM SAN FRANCISCO OR SEATTLE TO FOREIGN COUNTRIES.

PACIFIC OCEAN ROUTES.

These rates apply only to shipments forwarded by steamer from San Francisco, Cal., or Seattle, Wash., and the rate from New York to San Francisco, Cal., or Seattle, Wash., must be charged in addition to the rate shown.

Tariff from SAN FRANCISCO, CAL., OR SEATTLE, WASH. To	ON PARCELS, PACKAGES, BOXES, BALES, ETC. (For Bulky Goods, see Rule on Page 433.) When the value of any Merchandise Shipment, including Jewelry Parcels, exceeds $50, an additional charge must be made on value. The rates given below are based upon 5 cubic feet to each 100 lbs., or 20 lbs. to each cubic foot. The Company therefore reserves the right to increase its charges proportionally when the cubic measurement of goods exceeds the above basis. (See rule for ascertaining cubic measurement on page 419.)																									Each Additional 20 lbs.	From San Francisco Seattle Charge per $100 or fraction thereof.	
	lb 1	lbs. 2	lbs. 3	lbs. 4	lbs. 5	lbs. 7	lbs. 10	lbs. 15	lbs. 20	lbs. 25	lbs. 30	lbs. 35	lbs. 40	lbs. 45	lbs. 50	lbs. 55	lbs. 60	lbs. 65	lbs. 70	lbs. 75	lbs. 80	lbs. 85	lbs. 90	lbs. 95	lbs. 100		Value	Marine Ins.
Japan—†Yokohama, †Kobe, †Nagasaki	60	75	100	110	120	130	140	150	200	250	300	350	400	450	485	500	515	550	575	590	600	615	625	640	650	45	100	50
Tokio, and all other places on railroad	100	110	150	160	175	200	225	250	275	325	400	450	500	550	575	600	650	675	700	750	800	825	850	875	900	65	125	50
Formosa	250	275	290	300	300	300	300	300	350	400	450	500	550	575	600	625	650	700	750	800	900	950	1000	1050	1100	140	250	125
China—																												
†Hongkong, †Shanghai	60	75	100	110	120	130	140	150	200	250	300	350	400	450	485	500	515	550	575	590	600	615	625	640	650	45	100	50
*Amoy, Canton, Chefoo, Foochow and Tientsin	75	100	150	175	200	225	250	250	300	350	400	450	475	490	500	515	525	550	600	615	625	640	650	665	675	60	125	60
*All other treaty ports	100	125	175	200	225	250	275	350	400	450	475	525	550	600	625	650	675	700	725	750	775	800	825	850	875	60	150	75
*Korea—Chemulpo	250	275	290	300	300	300	300	300	350	400	450	500	550	575	600	625	650	700	750	800	900	950	1000	1050	1100	140	250	125
Fusan, Seoul	300	350	400	425	450	475	500	550	575	600	650	700	725	750	800	850	875	900	950	1000	1050	1100	1150	1200	1200	140	300	125

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sirability of the shipper as a client, and partly on the nature of the shipment and the character of the consignee, if known. When allowed, the forwarder himself has to prepay the charges as required by the steamship agents and must charge the amount forward to his correspondent at the port of destination as a collect item to be remitted back to New York in due course.

Further, forwarders make rather a specialty of taking C. O. D. shipments. In principle, experienced shippers believe it better to put transactions of this sort through regular bankers by attaching drafts to order bills of lading. Yet some weight attaches to the forwarding agent's claim that a banker's interest in a shipment expires when a draft is protested. On the other hand, the forwarders and their correspondents are in a position to handle refused goods as business men, to the best interests of the shippers, carrying out the latter's instructions as a bank frequently cannot or will not do.

5. Organization of a Foreign Freight Forwarder's Office

There are few branches of business that involve the enormous amount of petty detail work that makes the foreign freight forwarder's work complicated almost beyond description. Some idea of the labor, care, and accuracy involved may be gathered from the accompanying forms used in offices of this description. When the patronage of a shipper has been secured, the forwarder provides him with Advice of Shipment forms, which are to be addressed to the forwarding agent with each shipment that is to be entrusted to his care. These forms advise the forwarder of the consignee's name and ad-

dress, the marks and numbers of packages, their contents, net and gross weights, and values. The forwarder is further informed as to whether the inland freight has been prepaid; whether such freight, if not prepaid, is to be charged forward, together with other New York charges; and whether the shipment is to be insured, and, if so, if the insurance and ocean freight are to be prepaid and sent forward collect or charged back to the shippers. Instructions must also be given as to the disposition of bills of lading or receipts; that is, whether these documents are to be remitted direct to the consignee (as may be the case when the latter has paid for his goods in advance of shipment), or are to be drawn to order or otherwise returned to the shippers. The form shown on page 279 is typical of those in use.

After the receipt of such Advice of Shipment, together with the railway bill of lading, the forwarding agent awaits arrival notice from the railroad. Meanwhile, he enters the details of the shipment on his books and arranges for its despatch by an appropriate steamer. Upon arrival of the goods at New York, the forwarder's drayman picks them up at the railway terminal. He either transports them directly to the steamship dock, where permit from the shipping company has been put on file, or he takes them to the forwarder's own office if the ship is not ready to receive or if the shipment is to be repacked, remarked, or grouped with others.

The details of inland freight charges, drayage, other expenses necessitated, the various operations performed, the packing, the clearance, insurance, consular invoices, etc., are all entered on appropriate sheets called Packing and Groupage Slips. One of these applies to each bill of lading taken out by the forwarder. When operations

INSPECTING

AV-BILLS

W/B
CHECK

C. O. D.

Sou Fed.

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are completed, charges made up, posted, etc., the necessary receipts or bills of lading, insurance certificates, etc., are either sent back to the shipper or forwarded abroad, as the shipper may have instructed.

Whenever a forwarder's steamship bill of lading covers a combination or group of several shipments from individual shippers, as is almost invariably the case, the forwarders themselves issue receipts or bills of lading of their own to each individual house whose goods they are transporting. Such bills of lading may usually be employed for banking purposes, as would be the original steamship bill of lading. These documents generally show the name of their agents at port of destination through whom delivery will be made to consignee.

These foreign agents may not always be located in the home city of the consignee, but may be at some neighboring port or city. For example, a New York forwarder may combine on one bill of lading a number of individual shipments destined for Norway, Sweden, and Denmark, and forward all to his correspondent at Copenhagen with instructions to distribute to the several destinations.

A waybill is made out for the advice of the foreign agent of the American forwarder, giving such details as (1) the ship transporting the goods; (2) the names of the original shippers; (3) the number of packages, together with their marks, contents, values, and weights; (4) the contents of packed cases, and their distribution; (5) the amounts to be collected; (6) the names of the consignees; and (7) instructions as to whether charges and disbursements are to be debited to the American forwarders or carried to destination and collected, with other expenses, from the consignee, etc. This waybill, together with a letter containing any further instructions, per-

C. O. D.

Jos Pat.

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PACKING AND GROUPAGE SLIP.

PITT & SCOTT, Ltd.

NEW YORK.

STEAMER..... PORT..... DATE SLG:.....

CONSIGNEE.....

CONNECTING WAY-BILLS

PED..... FREIGHT

ED..... TO..... W/B MAILED..... TO.....

E..... INSURANCE..... C. O. D.'s ENT'D.....

NS..... RECEIPTS.....

PACKED						SEPARATE				
No. of Pkgs.	Packing Check	FOREIGN $	Dr. c	W/B CHECK	REGISTER	No. of Pkgs.	Packing Check	FOREIGN $	Dr. c	W/B CHECK
					PKD. PKG.	Forward				
										C. O. D.
										Jou Fos.
										Jou Fo.
Forward		$			Fill in Journal Fo. when posted		$			

ted.....

s of Packer.....

Measurement

LBS. ..... CUBIC. .....

Are all connections made?.....

Way-Bill Checked by.....

Dec's checked and journalized by.....

Signature complete.....

Packing and Groupage Slip by Means of Which the Forwarding Agent **Keeps** Track of Each Shipment

haps copies of invoices, consular documents, or o
necessary papers, and the original steamship bill of
ing, is mailed by the forwarder to his foreign agent
the port of destination of the steamer employed.

On arrival in the hands of the forwarder's ag
abroad, the various goods making up the shipment
identified by means of their marks, numbers, etc. E
individual delivery is then made as may be necessary
as the foreign agent may meanwhile have been instru
by the original shipper's consignee. In some instan
a third agent may be called into the transaction, as,
example, in the case of the illustration quoted of scatte
Scandinavian shipments to an agent at Copenhagen.
this case the Copenhagen agent distributing a shipm
from his New York correspondent would forward so
cases included on the American waybill to Christia
some to Gothenburg, and perhaps still others to St
holm. Probably in each such instance he would c
sign these individual divisions of his original consi
ment in a new combination of his own to local forwa
ers at Christiania, Gothenburg, and Stockholm. Th
finally, the specified units would reach the customers
the American manufacturer.

It is customary for forwarding agencies to render
itemized bill showing the various expenses incurred
handling shipments. A copy of such a bill is shown
page 283.

6. Selection of Forwarders of Foreign Freight

It is an unfortunate fact that certain abuses have cr
into the forwarding and foreign express business wh
make it advisable for shippers to use care in select

ERS, 60 Pearl St., New York

GLASGOW
NIXON STREET

HAMBURG
70 REPSOLDSTRASSE

STREET, BOSTON, MASS.

Freight

GNEES	*INSTRUCTIONS (See below)
MMEDIATE	SPECIAL NOTE.—When we enclose you copy of our Bill of Lading for any Consignment, Goods are NOT to be delivered until ORIGINAL Copy is produced by Consignee—properly Endorsed by Shipper. IMMEDIATELY GOODS ARE DELIVERED, please send us a debit note of your charges to enable us to close up the shipment.

ser Zoll, sind uns zu berechnen, und etwaige Auslagen zu kollektiren.
n nach dem Bestimmungsplatz sind uns zu berechnen, und alle anderen vom Empfaenger zu kollektiren.
lit alle Unkosten.
lefern und uns mit allen Kosten zu belasten.
nis.
n.

LIVERPOOL.
E
nce Agents
19

Be up

Shipped on One Bill of Lading and Giving Instruc-

EXPORT EXPENSE BILL

To G. W. SHELDON & CO., DR.

615-618 MONADNOCK BLOCK, CHICAGO

[illegible]RITE ST., NEW YORK — 38 LEADENHALL ST., LONDON — 17 JAMES ST., LIVERPOOL

38 RUE BERGERE, PARIS — 38 QUAI D'ORLEANS, HAVRE

[illegible] and Import Freight Agents — Customs Brokers and Insurance Agents

Chicago, _____ 19__

	Freight from				
	To				
	Cartage at				
	Marine Insurance $ at				
	Consul Fees and Formalities				
	Clearing and Forwarding				
	Ocean Freight				
	MARKS:				

FIG. 46.—Export Expense Bill

This illustrates how charges of a foreign freight forwarder are made up

their agents and to watch their operations in each and every instance with no little attention. Moreover, it is advisable for shippers to follow their goods through to destination in order to make sure that excessive or unexpected charges are not imposed on their customers by the local representatives of the American forwarders.[7]

As has already been pointed out, forwarding agents are not especially favored by the steamship companies. In fact, in most instances they have to contend with ill-concealed antagonism. The majority of the steamship companies sailing from New York to foreign countries and perhaps one-half of the lines sailing from other ports of the United States are today apparently trying to usurp, to some extent at least, the functions of the forwarding agent and the foreign express. These companies are themselves offering to attend in their own offices to the necessary formalities involved in shipping. They perform this service for a reduced fee and sometimes (at least nominally) without charge. The consideration once shown by steamship agents to the forwarders no longer exists. While brokerage on freights is still usually paid, it is often paid with such bad grace and is so small in amount that forwarders do not depend on it to any considerable extent. Moreover, the steamship companies that undertake this sort of work are themselves sometimes criticised on precisely the same grounds as the forwarding agents. This is

[7] A few months ago the author, when visiting Porto Rico, happened upon an instance where a New York forwarding agent had deliberately erased the discount from the total amount of freight shown on the bill of lading, making the amount to be collected $14 instead of $14 minus 70 per cent—that is, $5 or thereabouts. The consignee, who was well acquainted with the proper rate of freight, declined to pay and the trick was promptly discovered from an examination of the steamship's copy of the original bill of lading.

probably due to the fact that this part of their work is usually entrusted to a special department in their offices.

It sometimes happens that the foreign correspondents of American forwarders take it on themselves to impose unreasonable charges for their own benefits. Very frequently they assume the right to clear the goods at the local custom house, although the consignee of the goods might prefer to do it himself or entrust the operation to some other agent with whom he has special arrangements. American agents usually instruct their correspondents abroad to collect their own charges in addition to whatever may be enumerated on the New York agent's waybill. For these reasons, it will be seen that shippers ought always to watch the operations of forwarding agents whom they patronize in order to see that their foreign customers are honestly dealt with and are thus encouraged to continue business relations.

The varying facilities which the several agents are able to offer, especially to ports of minor importance, are another reason for the exercise of discretion in selecting forwarding agents. In most instances many packages go to widely separated destinations. While a forwarder is supposed to despatch shipments with the least possible delay—always by the first available steamer—yet it is said that this is not always done, especially by smaller concerns. The best class of forwarders probably does not indulge in such practices as these. However, even one of the latter may sometimes be in a position to quote especially attractive rates to a given foreign destination if he happens to have a considerable quantity of freight on hand or in sight for that destination.

Exorbitant or unwarranted charges on the part of

forwarding agencies in this country have caused much dissatisfaction among foreign customers. The handicap to the expansion of business is obvious.

Before the inauguration of parcel post services in the United States, some forwarding companies, both American and European, succeeded in making arrangements with the Governments of several European countries to extend the parcel post services of these countries to the United States. Most people who received packages under this arrangement were greatly surprised when charged, by the American agents, fees amounting to from 75 cents to $3 per package, when friends and correspondents in the countries of origin had fully prepaid postage at ordinary rates. The people sending the packages naturally thought that they were prepaying everything and that their parcels would be delivered without additional cost. This practice became so notorious that our postal authorities were obliged to take official notice of it.

Although the author regrets the rather unpleasant picture just painted of bad practices which sometimes mar relations with foreign freight forwarders and foreign expresses, yet he wishes again to emphasize the great convenience their services offer to shippers of small parcels and to those located in the interior of the country for developing foreign business. When arranged with a thorough knowledge of conditions and practices, contracts with foreign freight forwarders relieve shippers of much care and work and their services may even be called indispensable.

7. Adjuncts to the Forwarding Business

Many foreign freight forwarders advertise that they are willing to cash the foreign shipments of American

manufacturers. This means that the forwarder will discount a draft drawn by a well-rated manufacturer on a foreign customer, when the shipment is made through the forwarder. In other words, the forwarder performs a service which may be secured from any of the well-known and highly responsible foreign exchange bankers. As a matter of fact, these forwarders simply take the shipper's drafts to these bankers, cash them on the strength of the shipper's endorsement (without adding their own), and charge a small per cent for so doing.

Few of the forwarding agents work with sufficiently large capital to devote any considerable part of it to the banking business. Nor do they, as a rule, have foreign banking connections of their own. For the rest, the shipping community has witnessed within the past five years an impressive illustration of the dangers that may be incurred in diverting drafts from their proper and natural channel. These remarks do not necessarily apply to certain well-known express companies of this country which have developed a large exchange and banking business with ample capital and responsibility, partly commercial and partly in the way of express money orders utilized by tourists.

While shippers seldom seem to inquire as to the responsibility of forwarding agents, it seems clear that adequate resources and a capital indicating probable permanence are highly desirable. This becomes evident when damages have to be collected for blunders that have been committed. The settlement of accounts and the untangling of shipments are of extraordinary difficulty when forwarders fail.

Acting as buying as well as forwarding agents for merchants in other countries, some foreign freight forward-

ers infringe on the province of the export commission houses. This, again, is a form of business utterly foreign to the real province of the freight forwarders. Few of them have the necessary acquaintance with markets, sources of supply, etc. The placing of orders is a feeder to their proper business, that of shipping. While this practice is entirely legitimate, still it seems probable that, with the growth of its proper business, a forwarding house will find less and less time to bother with such side issues.

TEST QUESTIONS

1. In general, with what foreign countries has the United States established parcel post relations?
2. How would you proceed to find out what the parcel post regulations, services, and rates are?
3. Explain the provisions of the United States sample post system.
4. Explain the United States system of ocean mail contracts and payments.
5. What is meant by the sea post-office?
6. Explain the nature of foreign express services. How do they compare with the express service in the United States?
7. What is the distinction between a foreign express company's business and a foreign freight forwarder's business?
8. What is meant by a "spediteur"?
9. Explain specifically what services are rendered by a foreign freight forwarder to a shipper.
10. Explain contents of a waybill made out by a freight forwarder to his agent abroad.
11. How does the forwarder's agent in the foreign countries dispose of the shipments which he receives?
12. What precaution should be taken by a shipper in selecting forwarding agents?

INTERSTATE COMMERCE
AND
RAILWAY TRAFFIC COURSE

The subjects listed below constitute the basic material of a course in Interstate Commerce and Railway Traffic. This course is especially designed to meet the constantly growing demand for efficiently trained men in railroad and industrial traffic work; to assist students to pass the examinations for government service under the Interstate Commerce Commission; and to meet the demand for men competent to direct the work of commercial organizations and traffic bureaus. With the exception of the Atlas of Railway Traffic Maps, the subjects listed below are covered in an average of approximately 200 pages each.

Atlas of Railway Traffic Maps
Traffic Glossary
Freight Classification; Some Ways of Reducing Freight Charges
Freight Rates: Western Territory; Bases for Freight Charges
Freight Rates: Official Classification Territory and Eastern Canada; Industrial Traffic Department
Freight Rates: Southern Territory
Publication and Filing of Tariffs
Freight Claims; Investigation of Freight Claims; Routing Freight Shipments; The Bill of Lading; A Primary Lesson in Transit; Demurrage
Railway Organization; Statistics of Freight Traffic; Railway Accounting
Express and Parcel Post
Ocean Traffic and Trade
Railway Regulation
The Act to Regulate Commerce and Supplemental Acts
Conference Rulings; Procedure Before the Interstate Commerce Commission; Grounds of Proof in Rate Cases
Application of Agency Tariffs
The Law of Carriers of Goods
Practical Traffic Problems

LASALLE EXTENSION UNIVERSITY

OCEAN TRAFFIC AND TRADE

B. OLNEY HOUGH

Editor, *American Exporter;* Author, *Elementary Lessons in Exporting, Exporters' Gazetteer of the World, Practical Exporting, etc.*

La Salle Extension University
Chicago
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CONTENTS

INTRODUCTION 1

I. SEA BORNE TRAFFIC
- Foreign Shipping the Most Important..... 3
- A Study Embracing the Whole World..... 4
- Trans-Oceanic Usages Differ from Inland or Coastwise Usages 5
- Immensity of Our Foreign Trade..... 6

II. OCEAN CARRIERS
- Comparison of Services 8
- Kinds of Steamships..... 10
- Steamship Lines 11
- Tramps 13

III. TON AND TONNAGE—INSPECTION AND REGULATIONS—SHIPS' PAPERS
- Ton and Tonnage 18
- Inspection and Regulation 26
- Ship's Papers 30

IV. SEAPORTS AND TERMINAL FACILITIES
- National Harbor Improvements..... 42
- Control of Terminals..... 43
- Terminal Facilities 45
- Principal American Seaports..... 51
- Port and Terminal Charges..... 68

V. OCEAN SHIPPING ROUTES AND SERVICES
- The Great Trunk Lines..... 73
- Arranging Profitable Routes..... 84
- Expected Effects on Commerce of the Panama Canal 88
- Transshipping Services 96
- Ocean Services from Representative American Ports 100

OCEAN TRAFFIC AND TRADE

B. OLNEY HOUGH

Editor, ***American Exporter;*** Author, ***Elementary Lessons in Exporting, Exporters' Gazetteer of the World, Practical Exporting, etc.***

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(2-252)

XVI. AMERICA'S OPPORTUNITY IN THE MARKETS OF THE WORLD
Introduction 412
America's Duty 413
Foreign Needs 414
Pessimism vs. Optimism 415
Financing Problems 416
Reduced Resources of Foreign Buyers 418
Our Share of Reduced Trade 420
The World Markets 422
Kinds of Goods Available 423
The Opportunity 424

LIST OF FORMS AND ILLUSTRATIONS

		PAGE
Fig. 1.	Certificate of American Register	29
Fig. 2.	Bill of Health	32
Fig. 3.	Excerpts from a Log-Book	36
Fig. 4.	Clearance to a Foreign Port	38
Fig. 5.	A Car-Tipping Machine	50
Fig. 6.	Piers Along New York's Waterfront	54
Fig. 7.	A Typical New York Lighter	56
Fig. 8.	A Car Float in New York Harbor	58
Fig. 9.	Freight Handling Charges in New York Harbor	62
Fig. 10.	Distances from Ports of the United States	89
Fig. 11.	Comparative Ocean Distances	94
Fig. 12.	Freight Tariff from Bremen to New York	114
Fig. 13.	Usual Form of a Coal Charter Party	119
Fig. 14.	United Fruit Company's Freight Tariff to Jamaica	132
Fig. 15.	Virginia Line Freight Rates	135
Fig. 16.	Tariffs of Royal Mail S. P. Co.	136
Fig. 17.	Current Commodity Rates Compared	138
Fig. 18.	Pacific Mail Steamship Company's Trans-Pacific Tariffs	139
Fig. 19.	German Export and Import Commodity Rates	150
Fig. 20.	Comparative Ocean Freight Rates	178
Fig. 21.	Specimen Bill of Lading	212
Fig. 22.	Parcel Receipt	221
Fig. 23.	Specimen Consular Invoice	224
Fig. 24.	Regulations in Regard to Consular Invoices	225
Fig. 25.	Specimen Certificate of Origin	227
Fig. 26.	Invoice Required on Shipments to Canada	230
Fig. 27.	The Anti-Dumping Certificate	230
Fig. 28.	Specimen Dock Receipt	230
Fig. 29.	Preliminary Dock Receipt	233
Fig. 30.	Shipper's Export Declaration	234
Fig. 31.	Form Employed in Securing Drawbacks	242
Fig. 32.	The First, or Informal, Entry	243
Fig. 33.	Importer's Oath on Entry and Payment of Duties	245
Fig. 34.	Declaration to Accompany Invoice and Entry	248
Fig. 35.	Oath to Secure Free Entry of Returned Goods of American Origin	252

INTERSTATE COMMERCE
AND
RAILWAY TRAFFIC COURSE

The subjects listed below constitute the basic material of a course in Interstate Commerce and Railway Traffic. This course is especially designed to meet the constantly growing demand for efficiently trained men in railroad and industrial traffic work; to assist students to pass the examinations for government service under the Interstate Commerce Commission; and to meet the demand for men competent to direct the work of commercial organizations and traffic bureaus. With the exception of the Atlas of Railway Traffic Maps, the subjects listed below are covered in an average of approximately 200 pages each.

Atlas of Railway Traffic Maps
Traffic Glossary
Freight Classification; Some Ways of Reducing Freight Charges
Freight Rates: Western Territory; Bases for Freight Charges
Freight Rates: Official Classification Territory and Eastern Canada; Industrial Traffic Department
Freight Rates: Southern Territory
Publication and Filing of Tariffs
Freight Claims; Investigation of Freight Claims; Routing Freight Shipments; The Bill of Lading; A Primary Lesson in Transit; Demurrage
Railway Organization; Statistics of Freight Traffic; Railway Accounting
Express and Parcel Post
Ocean Traffic and Trade
Railway Regulation
The Act to Regulate Commerce and Supplemental Acts
Conference Rulings; Procedure Before the Interstate Commerce Commission; Grounds of Proof in Rate Cases
Application of Agency Tariffs
The Law of Carriers of Goods
Practical Traffic Problems

LASALLE EXTENSION UNIVERSITY

OCEAN TRAFFIC AND TRADE

INTRODUCTION

Remnants of the romance of other days still flutter alluringly over the ships that carry the commerce of the world hither and thither, up and down the seven seas. The humdrum conditions surrounding modern coal and ore cargoes have not robbed even our Great Lake steamers of all their interest. An atmosphere of early times yet envelops the very different traffic of today on the Mississippi and the Ohio. Even prosaic canal boats are to most people more reminiscent of old days than prophetic of the new and greater systems actually in process of evolution.

The water borne commerce of the twentieth century, however, long ago parted company from romance, adventure, and even novelty, and is today a highly specialized and systematized business. Even though often diversified by speculative operations, inseparable from the very nature of much of that business, yet, as an old sea captain complained years ago to the author, on the long voyage via Suez to the Far East, the modern steamship has developed (the captain said "degenerated") into little more than a penny bus.

None the less there is undeniably a certain glamour that still attaches to the shipping business; the mystery that enshrouds it in the minds of too many landlubbers

is illustrated in popular essays and in the conduct of probes and investigations just now so frequent. This mystery is manifested, too, in the extraordinary ignorance and the astonishing blunders unfortunately common among shipping clerks and traffic managers, too frequent even among their superiors.

The war has added a stern significance to the importance of ocean commerce, both to the nation and to its business enterprises. We are in the midst of tremendous and fundamental adjustments. Suddenly, perhaps, the old maritime power of the United States is to be restored. In the midst of this transitional stage, it is unwise and undesirable to attempt to undertake a complete revision of this text. Institutions and business practices always have their roots in the past. Whatever the reconstructed shipping and commerce may be, it will follow pretty closely upon the carefully digested experience of the past as presented in this work.

CHAPTER I

SEA BORNE TRAFFIC

1. Foreign Shipping the Most Important

By far the most interesting feature of water transportation, as it is also the most necessary study for shippers, is the sea borne traffic, and particularly the part of that traffic that connects American manufacturers and producers with customers in foreign countries. Only about one-tenth of the foreign trade of the United States, in either exports or imports, is carried by land vehicles. There is a fascination about salt water that is undeniably absent from even the most imposing bodies of fresh water —perhaps because of the vastness of the oceans, perhaps because of the suggestion of lands beyond. These unknown peoples, whether in ancient nations whose histories we know or in newer colonies, all have markets whose commerce allures and beckons.

Moreover the marvelous era of American domestic development is rapidly drawing to its close; the overseas expansion of American commerce is fast monopolizing the thought and study of both economists and practical men. American railways are built; our factories, farms, and mines demand new outlets for their products; beyond the oceans—to east, to west, and to south of us—

lie great markets which we have just begun to explore. We have yet to study them seriously. The first vital preliminary to their commercial conquest is a thorough understanding of the ocean carrier—of conditions, methods, and practices in shipping by water, differing in many respects from systems with which we have become familiar in the development of our home trade. Our inland water borne traffic and even our coastwise traffic are well known to us, having developed almost in our own generation and often in conjunction with railway traffic, to whose terms and practices those employed in inland and coastwise water traffic have largely conformed. There are, then, several good reasons for devoting the greater part of this treatise to a consideration of our foreign shipping.

2. A Study Embracing the Whole World

In any consideration of trans-oceanic shipping, as in other foreign relations, broad-mindedness is essential. In dealing with a traffic which reaches around the world, which connects us intimately with hundreds of nations and colonies, each with little peculiarities of its own, any narrow or provincial point of view must be abandoned. Of late we have heard quite too much of conditions in shipping, which it seems to be assumed are peculiar to our ports or our freights and which it is even asserted are deliberately created by our rivals in an effort to cripple our growing commerce and power. Under any comprehensive and broad-minded inquiry, such prejudices will be rapidly dissipated as we learn that similar practices are in vogue in other countries also; that they may be the rule the world over; and that they are

either accepted as matters of course in other lands or are subject to precisely the same complaints that we make against them.

Another indispensable preliminary to an intelligent study of sea borne commerce and shipping is an intimate knowledge of the geography of the world, of countries and ports, of oceans, seas, and great rivers, of climates, physical characteristics, economic conditions, and, to some extent, of history. A review of these related subjects is strongly urged on him who is ambitious to master the broad subject.

3. Trans-Oceanic Usages Differ from Inland or Coastwise Usages

Methods, terms, and documents, used in overseas commerce, differ in many respects from those employed in domestic, and especially in railway, traffic. Consider one or two simple illustrations. Insurance on rail freights is usually a minor consideration to the shipper, since the law makes the rail carrier the insurer of the freight;[1] on the contrary, the shipper by water who neglects to insure his goods may some day be rudely awakened to the significance of the term "general average." He may find, not only that his goods have been damaged, but that he must pay a quota of the expense incurred in saving a whole cargo from total destruction. Again, the ton used in the measurement of ocean freight may be the long ton (2,240 pounds), the metric ton (2,205 pounds), or, as is more frequently the case, the measurement ton (40 cubic feet or sometimes one cubic meter,

[1] *Transportation by Water in the United States*, Report of the Commissioner of Corporations, Washington, 1912.

35 cubic feet). These and other peculiarities of trans-oceanic carriers and shipping practices are dealt with in following chapters.

4. Immensity of Our Foreign Trade

The commerce of the entire United States fifty years ago was less than one-quarter of the commerce of the single port of New York for the year 1912. Averaging the annual totals, twenty-one ships engaged exclusively in the foreign trade enter and as many more clear from the port of New York every day of the year, Sundays and holidays included. These ships have an aggregate dead-weight cargo-carrying capacity of approximately 70,000,000 tons per year. In 1912 they took out of New York, American products destined to the four quarters of the globe, valued at about $884,000,000. Other ports of the United States—Boston, Philadelphia, New Orleans, Galveston, San Francisco, the Puget Sound ports, and those of lesser importance—share in the grand total of over two billion dollars, to which our foreign commerce (exports and imports combined) had attained in a normal year prior to the European war. Such of these ships as have passenger accommodation land an average of 2,500 human beings in New York every day.[2]

This business is worth thought and study, not alone because of its present magnitude, startling as it is, but because its great growth is comparatively recent and points a sure finger to more wonderful development. Nine-tenths of this foreign trade is transported by water. Statistics, therefore, justify a treatise on ocean traffic and commerce.

[2] The record up to date is 11,383 passengers landed in a single day.

TEST QUESTIONS

1. Why is sea borne traffic so important to American exporters and importers?
2. How much of the foreign trade of the United States is carried by land vehicles?
3. What relationship exists between the international development of the United States and foreign shipping?
4. How do trans-oceanic usages differ from inland or coastwise usages? Mention a number of specific instances.
5. How does the commerce of the United States fifty years ago compare with that of the port of New York today?
6. Approximately how many ships engaged in the foreign trade enter and clear the port of New York every day of the year?
7. Approximately what is the cargo-carrying capacity of these vessels?
8. What is the grand total of our foreign commerce per year?

CHAPTER II

OCEAN CARRIERS

1. Comparison of Services

Until the middle of the nineteenth century sailing vessels enjoyed a monopoly of ocean commerce. Nowadays cheap bulk commodities are their principal cargo, although they are still sometimes used as precursors to the establishment of regular steamship lines for budding trades with new territories. Sailing vessels also find employment in the transportation of cargoes smaller than the average steamships can carry economically. A shipper of 50,000 cases of kerosene oil or even twice as much, usually finds it difficult to charter a steamer of sufficiently small capacity to warrant such a shipment as a complete cargo, and hence he has recourse to the sailer.

Several considerations may make more desirable and economical the employment of a steamer, even if not fully loaded. The steamer can be depended upon to arrive promptly and safely at destination; the interest on investment in cargo for time of transportation is less than on the slower ship; and the insurance premiums are smaller than those charged for sailers' cargoes. During the recent period of high freight rates, conditions have favored the more general employment of sailers for the transport of cargo of low value. The demand for them

has also been promoted by an insufficiency of steam tonnage to take care of the enormous quantities of freights offering. Moreover, the fact that sailing ships must still be reckoned with is witnessed by the continued existence of such vessels plying in regular services—for example, between New York and Porto Rico or between Boston and South American ports, especially ports of the River Plate. The future of sailing ships fitted with auxiliary internal combustion engines is one of the interesting questions now sometimes debated in shipping circles.

When considering shipping routes, the time factor is often important. This may be illustrated in the care bestowed upon the expensive shipments of silk from Japan, which are rushed across the Pacific by the fastest available boats, loaded immediately into special "silk trains" on the trans-continental railway lines, and hurried across the United States at express speed. This haste is to reduce to its minimum the interest charge on possibly a million or more dollars involved, this charge amounting to an item of considerable moment for each day's delay in arrival at destination. Similarly, before routing a shipment from the eastern or southeastern states by steamer from New York, or by rail across the continent and thence via a Pacific steamer, Chinese importers of American cotton piece goods take into consideration the interest charge for, say, a month, on $25,000 or $100,000. At times the higher freight charge necessitated by the latter route has been more than offset by the interest accumulating during the longer time required in transit by steamer from New York. The ocean steamship must, therefore, occupy our chief attention.

2. Kinds of Steamships

It is difficult to classify ships of today, as the several types are far from distinct and sometimes merge almost imperceptibly one into another. In a general way varieties of ocean steamships may be analyzed thus:

I. Freighters (Carrying freight only)	(a) Tramps (b) Liners
II. Steamships de Luxe (Carrying passengers only)	(a) Express boats of the highest attainable speed (e. g., Mauretania) (b) Ships of high but not excessive speed (e. g., Imperator)
III. Combination Vessels (Carrying freight and passengers)	(a) Chiefly catering to passenger trade (b) Equally devoted to passenger and freight services (c) Incidentally carrying passengers.

In some respects this tabulation is unusual and may require defense. In catering to the immense passenger trade between the United States and Europe, steamship companies now seem to be dividing their attention between boats of the most luxurious character, intended solely for carrying passengers at high rates of fare, and the comfortable "combination" of moderate speed and large cargo-carrying capacity. The ultra-luxurious, exclusively passenger boats have, within the last few years, practically eliminated cargo space from their plans and cargo revenue from their accounts. The tendency is toward luxury rather than speed. We owe to the Germans almost every innovation, convenience, comfort, and luxury which today distinguish the trans-Atlantic

ships of all nations from their prototypes of fifteen years ago. These improvements have gradually, usually grudgingly, been introduced by the British on the newer liners plying from Europe to Australia and the Orient, to South Africa and South America. But nowhere else in all the seven seas are ships to be found that equal those we demand in the New York-European trade.

Modeling their vessels after the best types in the North Atlantic service, steamship companies plying from European ports to Canada, Australia, the Far East, South Africa, and the River Plate have, in late years, wonderfully improved their passenger boats. Again, in a general way, these may be described as of two classes: (1) The fast express steamers and (2) what are often called the "intermediate" steamers. New ships on these services range from 15,000 tons up to more than 20,000 tons.

3. Steamship Lines

With the development of trade and intercourse between ports, the establishment of regular lines of steamships having fixed dates of departure and approximate dates of arrival and plying over definite routes, proceeds from occasional sailings to the frequency that may be demanded by the trade in question. From the lines of sailing ships and fast clippers sailing monthly or fortnightly between our ports and those of Great Britain or the Continent, there gradually developed lines of steamers growing into services of weekly, semi-weekly, or sometimes (especially with the German lines) even more frequent sailings.

Regularity of departures and arrivals is believed to stimulate both freight and passenger patronage. The operation of such lines obviously must be comparatively

expensive, for overhead charges including the high costs of advertising nowadays believed necessary, are vastly increased. In addition there can be no waiting for cargo or passengers. The ship must sail on schedule time with or without freight or passengers.

It is the popular impression that the term "line" indicates the widely known groups of passenger ships. There are, however, regular lines of cargo boats which steam regularly and periodically over the same routes but do not carry passengers. Full or not full, these freight boats usually sail on the day and hour announced several months previously, and shippers of general cargo profess to find in their regularity a pronounced advantage in the transaction of business. Yet "liner" tonnage is said to be not more than one-third of the total tonnage engaged on the great trade routes of the seas.[1]

Regular steamship lines may be operated exclusively by boats owned by the company concerned, or that company may charter (i. e., lease) vessels from other owners to fill some, or even all, of its sailing dates. There are regular lines which own a limited tonnage; others possess no ships at all; and even the largest lines have sometimes found their own vessels incapable of moving a large volume of freight as expeditiously as they believed necessary in order to satisfy their customers, the shippers.[2] On the other hand, lines sometimes have a surplus of ships which cannot profitably be employed in their regular service, and they lease such vessels on charter for almost any sort of service.

[1] *The Times*, Shipping Number, London, Dec. 13, 1912.

[2] See testimony of W. G. Sickel of the Hamburg-American Line before the Committee Investigating Shipping Combination, Jan. 31, 1913, Report, p. 816.

4. Tramps

A tramp steamer is a cargo carrier that is built for hire and is not connected with any particular service. Most tramps are built without any specific object in view apart from general serviceability for cargo traffic combined with economy of operation. When such a ship is delivered to its owner, it is offered for charter to whoever may be in need of a vessel. A tramp chartered to a regular line, even if it makes several or many round voyages in that employment, loses its character as a tramp for the time being only and returns ultimately to its own class. It may be found today in New York, loading a cargo of grain for Europe, and three months from now, in Australia, taking in wool for England. The operations of a typical tramp are illustrated in the following example: A certain ship sailed from London with cargo for Colombo, Singapore, and several ports in Japan; from Japan the vessel proceeded to Java and loaded a cargo of sugar for New York; from New York the ship was chartered to carry sundry merchandise for twenty-six ports on the West Coast of South America; loaded with a cargo of nitrate of soda, the ship sailed from Chile for Baltimore, proceeding thence in ballast to New York to receive a cargo of general merchandise for Australia and New Zealand. These several operations covered a period of almost two years, during which time the ship in question never once returned to its home port.[3]

Tramp steamers are usually devoted to the carriage of bulk cargo in full steamer-loads—grain, coal, ore, nitrate, phosphates, lumber, sugar, fibres, clay, chalk, etc.

[3] Andrews, Frank, *Ocean Freight Rates and Conditions Affecting Them*, Statistics Bulletin 67, Agriculture Department, 1907.

They may, however, be chartered for a great variety of purposes; for example, eight or ten steamers are loaded annually at Philadelphia with full cargoes of agricultural machinery to be discharged at ports in Russia. A tramp may be employed for general cargo, especially when chartered to fill the sailing date of a regular line, as was the case in the illustration just given for a sailing from New York to twenty-six ports along the West Coast of South America. Two of the regular lines sailing from New York in this trade employ chartered vessels, hiring them for the outward voyage only and taking from the United States all manner of produce and manufactures. After discharging at the last port for which cargo has been received, the ship is released and her owners seek other employment for her.

The operations of tramp vessels of today have been made possible through the extension of telegraphic cable systems to the uttermost parts of the earth. When an owner or agent has a vessel for charter, the fact may be instantly communicated to brokers in all the principal ports where possible cargo may be looked for. Before a tramp's voyage is finished, its owner is in negotiation with other possible shippers in different countries. He receives offers for the transportation of various kinds of cargo between widely separated ports.

The services of a tramp are sold through brokers just as any commodity might be disposed of. Offers submitted to the owner, who may be in England, by brokers in the United States or Australia, are considered and accepted or rejected as his greatest profit may appear probable.

The tramp ship has been likened by Professor Johnson to a freight car, taking whatever cargo requires trans-

port whenever it is ready to be shipped and free to go anywhere to pick up one. The tramp, being built for carrying shiploads of heavy or bulky goods, is usually designed with the largest possible cargo space. Careful study is given the relation between cargo-carrying capacity, speed with resulting consumption of coal, and probable available income based on expected freight rates.[4] A tramp ship must make a fair rate of speed; otherwise it cannot secure the best rates of freight. On the other hand, with an increase in speed above a certain point, expenses exceed income at usual freight rates. It was only a few years ago that eight or nine knots an hour were believed to be the most economical speed for the freight carrier of from 1,000 to 3,000 tons. There is an enormous number of tramps of about 2,000 tons. Recently, however, the tendency seems to be toward larger vessels running from 10 to 12 knots per hour.

Typical of the new generation of tramps are those of the so-called "Strath-" fleet, owned by a large British company. This fleet, numbering over thirty vessels of the better class, was built from 1906 to 1912, each vessel bearing a name beginning with the syllable "Strath-". Each of these vessels is of 4,000 or 5,000 tons gross, about 375 feet over all, 50 feet beam, has a dead-weight carrying capacity of, say, 7,000 tons, and the ability to steam 9 or 10 knots per hour. It should be noted that although this large fleet is the property of one company, the vessels engaged are purely tramps, are chartered here and there in every direction, and do not constitute a line in any sense of the word.

[4] The fuel cost of operating a steamer ranges, according to size and speed, from 25 to 50 per cent of her total working expenses.

CHAPTER III

TON AND TONNAGE—INSPECTION AND REGULATIONS—SHIP'S PAPERS

1. Ton and Tonnage

(a) Definition of Ton and Tonnage

At this point the necessity for certain definitions arises. The word "tonnage" has been explained by Emory R. Johnson in several of his published books and reports to Congress as referring to either the size of the vessel or the amount of the ship's cargo. To this, however, must be added the colloquial use of the term, which is frequently used in this treatise; for example, the phrase "tonnage is abundant" means that there are plenty of ships about to sail or offered for charter.

In ocean commerce the word "ton" is used with reference to the ship itself or to the ship's cargo. Ocean freight rates, by weight, are chiefly based on the long ton (2,240 pounds), although our coastwise traffic commonly employs the usual short ton (2,000 pounds). There seems to be a growing tendency to adopt the latter ton in shipping to points nearby in the West Indies, Mexico, and Central America, as well as on the Pacific. The metric ton (2,205 pounds) is being forced into use in some parts of the world by shipping companies of the

continent of Europe, and the measurement ton (40 cubic feet) is commonly employed as the basis for freight charges on light or bulky articles.

(b) Gross and Net Tonnage

The ton used in the measurement of ships has no relation either to the weight or the measurement ton and requires explanation. Up to 1854 ships were usually rated at so and so many "tons burden." Old rules (or lack of rules) gave results so unsatisfactory that the British government adopted a scheme which reduced the figures to a uniform basis, albeit the method employed was a purely arbitrary one.

Under present regulations, dating in England from 1854 and in the United States from 1864, the *gross tonnage* of a vessel is found by dividing the cubic measurement of its capacity by 100; that is to say, a ship measures one gross ton for each 100 cubic feet of capacity. The *net tonnage* is the cubical contents of those parts of the ship that are closed in and devoted to the carrying of cargo and passengers, the ton in this case also being the equivalent of 100 cubic feet. The measurement of net tonnage is intended to determine the earning capacity of a ship; that is, its capacity for carrying passengers and cargo. Ordinarily, the net tonnage may be about two-thirds that of the gross tonnage, but in many of the fast trans-Atlantic passenger steamers the elaborate machinery, the exaggerated coal bunkers, and the large space required for housing the crew, stewards, etc., reduce the net tonnage to comparative insignificance.

Elaborate rules are laid down in the navigation laws of the United States for the official measurement of American vessels prior to registration. As pointed out by the Commissioner of Navigation in his reports for 1911 and 1912, however, there is a great variation in the way in which ships are measured; correspondingly there is great variation in their comparative ratings for net tonnage.

Since tonnage tax and many different dues and charges are based on this measurement, as are the tolls of the Suez and Panama canals, it is growing more and more necessary to arrive at some system of approximately uniform rules.[1] Roughly speaking, the maritime world imposes charges on 61 per cent of a ship's gross tonnage; the Suez Canal management on 72 per cent. A former Commissioner of Navigation, writing twenty years ago, declared: "There is really no practical way in any country of accurately finding net tonnage. The term itself is inexact and indefinite, since it is based not on a proportionate allowance of space, as might be done, but in steamers particularly the finding of net tonnage depends upon an arbitrary discount."[2]

[1] The American method of measuring net tonnage is represented as one of the obstacles to the building up of a merchant marine. A shipowner of the Pacific coast gives two examples: "The steamer Bessie Dollar measures according to the British measurement, 2,797 net tons; American net tons, 3,697. The steamer Hazel Dollar according to the British measurement, 2,803 net tons; by American measurement, 3,582 net tons." Captain Robert Dollar in the *Pacific Marine Review* for August, 1913.

[2] W. W. Bates, *The American Marine*. This author gives the following then existing ratios of net to gross tonnage: The French Line 48.31%, Cunard 58.06%, North German Lloyd 68.83%. American seagoing fleet 69.27%.

(c) Displacement Tonnage

The *displacement tonnage* of a vessel, a term employed chiefly in the measurement of ships of war, is the vessel's weight in long tons, equivalent to the weight of the water displaced by the ship when fully loaded and floating. Shipbuilders sometimes use this term in determining from the plans and measurements the number of cubic feet of water that the ship will displace at any given draft, calculated on the basis of 35 cubic feet of sea water weighing one ton (2240 pounds).

(d) Dead-Weight Capacity

We see much more frequently nowadays, than formerly, the term *dead-weight capacity.* This is the estimate of the number of long tons of cargo which the vessel is capable of carrying when loaded to its maximum depth. Such depth is indicated on all British ships by a line painted on the outside of the ship and known as the Plimsoll line. That no such line is required by American law is one of the criticisms of American maritime practice sometimes made by British authorities. On American vessels a scale of feet is painted on the bow and the ship's papers are supposed to show to what depth the vessel may safely be loaded. Overloading, with consequent possible danger to life and property, is not immediately signaled to the onlooker in the case of American, as in the case of British, ships.

In reply to British criticisms Americans argue that the necessity for adopting the British practice has not yet arisen in our merchant marine, since a relatively small tonnage of American registry is employed in the

foreign trade and our coastwise ships are not likely to be overloaded because of the shallowness off many of our shores and in our harbors. This defense cannot be considered particularly strong or convincing. The British regulation is based on certain free-board rules or tables, and the dead-weight capacity of the ship at any given draft is stated in a scale that is furnished to every shipowner. Questions as to free-board are still moot subjects for discussion at international conferences.

It is sometimes thought that a definite ratio ought to exist between the net tonnage of a ship and that ship's dead-weight cargo-carrying capacity. Obviously this cannot be the case since practically everything depends upon the character of the trade in which the vessel is engaged and the corresponding space required for passengers, crew, and fuel. In the case of a cargo vessel working on the basis usual with such ships as regards speed, number of crew, etc., it may usually be roughly estimated that the cargo-carrying capacity ought to be about equivalent to 2½ times the net tonnage.

The net tonnage is based on the ship's cargo-carrying capacity per 100 cubic feet, while the cargo is taken on the basis of 40 cubic feet to the ton. Another rule, given by Professor Johnson,[3] reads:

> The ratio of net register to gross register tonnage and cargo tonnage of the modern freight vessel loaded with general cargo is as 1 to 1½ and to 2¼. The net register is about two-thirds the gross and the cargo tonnage averages about 2¼ times the net register. In the large modern sailing vessel the net register is about seven-eighths of the gross and the cargo tonnage of the loaded vessel will average about 1⅔ times the net register.

[3] Emory R. Johnson, *Ocean and Inland Water Transportation.*

It will, of course, be understood that in sailing vessels practically the full capacity of the vessel is available for cargo, no deduction being necessary for propelling machinery.

Professor Johnson in his report to Congress on Panama Traffic and Tolls makes these observations:

In loading vessels heavy articles of comparatively small bulk, such as pig iron, steel rails, grain, etc., are placed in the bottom of the ship's hold to steady the vessel. On top of the heavy cargo, package freight or general merchandise is placed in order to make maximum use of the available cargo space in the vessel.

The larger the amount of measurement cargo the greater the number of "tons" of paying freight that can be carried. A modern freight steamer of the closed-in, shelter-deck type (ship with the space above the upper deck entirely inclosed) can be loaded with measurement cargo of a greater tonnage than its dead-weight capacity. A British ship of 4,640 tons gross register (to cite figures regarding an actual ship) has a dead-weight capacity of 8,500 tons. If suitable commodities can be obtained, this ship can be loaded with 9,500 tons of measurement cargo. On the other hand, a ship of the well-deck type (a vessel upon which the space on the main deck between the bridge house and the poop is not inclosed) may have a dead-weight capacity exceeding the number of tons of measurement cargo it can carry. An actual freight vessel of British registry of the well-deck type is reported to have 5,400 tons gross register, a dead-weight capacity of 8,515 and space for 8,500 tons of measurement cargo.

The ratio of the net tonnage of any particular ship to its gross tonnage and to the number of tons of cargo it can carry will vary with the vessel's type of construction and the rules employed in determining net tonnages; but, taking freight vessels as they run, the net tonnage as determined by British rules is about 61 per cent. of the gross. The American rules produce a net tonnage averaging 66 per cent. of the gross, while the Suez Canal rules make the average net tonnage of all vessels using that canal 72 per cent. of the gross. Loaded cargo steamers carry on the

average about 2¼ tons of dead-weight freight for each ton net. The ratio of net tonnage, gross tonnage and tons of dead-weight freight is as 1 to 1½ to 2¼. For example, a cargo steamer of 6,000 tons gross tonnage will measure about 4,000 tons net tonnage and will ordinarily carry about 9,000 tons of dead weight freight. By combining both weight and meaurement cargo in the lading, the ratio of cargo tonnage to net tonnage may be made 2¾ to 1.

In the sailing vessel the ratio of net to gross tonnage is much higher, being about 7 to 8, because none of the ship's space is occupied by propelling engines and coal bunkers. The cargo tonnage of a loaded sailing vessel—number of tons of freight—averages about one and two-thirds times the net tonnage. In other words, the ratio of net tonnage, gross tonnage and cargo tonnage in an up-to-date sailing vessel is about 7 to 8 to 12. A sailing vessel of 2,100 tons net tonnage will measure about 2,400 tons gross and will be capable of carrying about 3,500 tons of dead weight freight.

(e) Actual Freight Capacities

It should be understood that the quoted dead-weight cargo capacity of a steamer is not by any means an accurate index to the actual freight that can be carried by it. Four-fifths of the space in a vessel devoted to cargo would be empty if the ship were loaded to its dead-weight limit with pig iron. On the other hand, a cargo of bulky articles that would fill the cargo space available might not weigh more than one-third as much as the iron. In loading vessels, therefore, certain discretion is called for and is usually exercised.

The formation of numerous pools and conferences in which competing lines of steamships join has done away with a good deal of the attention heretofore bestowed on economical loading. Formerly when a ship had excess

offerings of bulky cargo and but little freight in the way of heavy goods, the owner would make special inducements to shippers of the heavy stuff that was judged necessary as ballast. Such freight was frequently taken at much below regular rates. Now the practice is to ship water ballast rather than to reduce, by a single penny, the standard rates that have been determined upon, perhaps published, by the conference.

The variations in the relative gross, net, and dead-weight capacity-tonnages of modern ocean steamships can perhaps be best illustrated by concrete examples, taking as illustrations some famous passenger boats which are utterly dissimilar, it must be remembered, from purely cargo carriers.

The Imperator, the second largest vessel afloat, measures gross 52,116 tons but net only 23,881 tons, while the nominal dead-weight cargo-carrying capacity of the ship is reduced to 12,000 tons. This vessel is devoted exclusively to passenger service; she seeks and can take little if any cargo, as the greater part of the nominal dead-weight capacity is devoted to facilities for the comfort or support of her passengers. The space actually available for cargo will admit only 800 tons, although this might be largely increased by utilizing space at present given over to steerage quarters and provision rooms.

The Imperator has accommodations for 2,476 passengers in first-class, second-class, and third-class staterooms and for 1,772 steerage passengers, while a crew numbering 1,332 officers and men is called for in ministering to the wants and caring for the safety of the passengers of the ship when accommodations are filled. To drive the enormous turbine engines of the Imperator, which de-

velop 62,000 horse power, large supplies of coal are required, and as the ship carries sufficient fuel for a complete round trip, bunkers holding 8,500 tons are provided.

Another type of vessel is illustrated in the Minnewaska, of the Atlantic Transport Line, which carries a comparatively small number of passengers—250 (all of one class), has a speed of about 15 knots per hour, and is of 14,317 gross tons and 8,878 net tons, with a deadweight cargo-carrying capacity of 15,000 tons plus specially fitted quarters for carrying 800 head of live stock.

The Mauretania, rated as the fastest merchant ship in the world, is propelled by turbine engines of 68,000 horse power, which give an average sea speed of over 25 knots per hour. To drive this ship from Liverpool to New York, 6,600 tons of coal are required. Her crew numbers almost 1,000, and she has accommodations for 2,300 passengers. Although rated as having a gross tonnage of 31,550 tons and a net tonnage of 9,145 , the cargo-carrying capacity of this ship, nominally 1,500 tons, is actually a negligible quantity, and any cargo accepted is of the most exclusive class of luxuries of little weight or volume but of high value, on which freight rates have little influence.

2. Inspection and Regulation

(a) Inspection and Rating of Ships

All ships, from their inception in the drafting room to their first sailings, are subject to careful inspection. Certain institutions like the famous Lloyds of London, the Bureau Veritas in France, the American Bureau of

Shipping, and several others, not only first pass upon and approve the plans and specifications for a ship as submitted by that ship's builders, but inspectors from these institutions, as well as government inspectors, watch every step in the building of the vessel and test each material that is employed. The value of inspection may be illustrated by the statement that a difference of one-sixteenth of an inch in the thickness of a ship's steel plates may easily make a saving of $50,000 to the builders, if passed by the inspectors.

When completed and the final inspection of such institutions as those referred to has been made, the vessel is rated by them (in the case of the American Bureau—"A 1 for 20 years," "A 1 for 16 years," and "A 1 for 12 years"; in the case of Lloyds—"A 1—100," etc.). It is on the basis of these ratings that marine insurance companies accept and assess risks on hulls. In addition to the rigid inspection just referred to, a further survey is always made by the authorities of the Government whose flag the ship is to fly. This inspection applies not only to the hull but to the boilers, machinery, life boats, and whole equipment, and is required, not only before a ship is permitted to go to sea, but is repeated every year. In the case of foreign vessels, the United States authorities accept certificates of inspection in countries whose laws in this respect approximate our own.

The officers of ships, too, must be examined and licensed. The master, chief mate, second and third mates, engineers, and pilots of all steam vessels, and the masters of sailing vessels of over 700 gross tons, after successfully passing examinations suitable for their respective grades, at the hands of local boards of inspectors, receive licenses good for five years. Heavy penalties are

imposed on any ship employing unlicensed officers of these grades.

(b) Registration of Vessels

Certificates of registration in the merchant marine of a country, after inspection, measurement, etc., have been made and after such other preliminary conditions as may be required by the laws of that country have been complied with, may, in a sense, be likened to citizenship papers. Registration as a vessel of the United States entitles a ship to the protection of this Government and of its officers in any part of the world; to the enjoyment of whatever rights and privileges may have been secured for our ships through treaties or agreements, or to which they are entitled as lawfully recognized merchant ships under international law or usage. Such certificates, given under the seal of the Secretary of Commerce, the Commissioner of Navigation, and a local collector of a port, are, of course, jealously preserved on board ship and in foreign ports surrendered only to the consul who represents the country of the ship's flag. On coastwise voyages, only revenue officers have the right to demand a vessel's certificate. (See Fig. 1 for certificate.)

In the United States we have three terms by which we designate the admission of a vessel to American nationality: Vessels in the foreign trade are "registered"; vessels in the trade on the coast and Great Lakes are "enrolled"; smaller vessels (under 20 tons) are "licensed." In a general way all are referred to as "documented."

(c) Local Pilots

Ships engaged in the foreign trade have to fulfill certain formalities upon entering and leaving port, the chief

In pursuance of chapter one, Title XLVIII, "Regulation of Commerce and Navigation," of the revised statutes of the United States, (inserting here the name, occupation, and place of abode of the person by whom the oath was made), having taken and subscribed the oath required by law, and having sworn that he (or she, and if more than one owner, adding the words, "together with," and the name or names, occupation or occupations, place or places of abode, of the owner or owners, and the part or proportion of such vessel belonging to each owner) is (or are) the only owner (or owners) of the vessel called the (inserting here her name), of (inserting here the port to which she may belong), whereof (inserting here the name of the master), is at present master, and is a citizen of the United States, and that the said vessel was (inserting here when and where built), and (inserting here the name and office, if any, of the person by whom she shall have been surveyed or measured) having certified that the said vessel has (inserting here the number of decks) and (inserting here the number of masts) and that her length is (inserting here the number of feet), her breadth (inserting here the number of feet), her depth (inserting here the number of feet), and that she measures (here inserting the number of tons); that she is (describing here the particular kind of vessel, whether ship, brigantine, scow, schooner, sloop or whatever else, together with her build, and specifying whether she has any or no gallery or head); and the said (naming the owner, or the master, or other person acting in behalf of the owner or owners, by whom the certificate of measurement has been countersigned, as aforesaid) having agreed to the description and measurement above specified, according to law, the said vessel has been duly registered at the port of (naming the port where registered). Given under my hand and seal, at (naming the said port), this (inserting the particular day) day of (naming the month), in the year (specifying the number of the year in words, at length).

FIG. 1.—Certificate of American Register

This specimen is printed to show the exact wording of such a certificate.

of which may be briefly reviewed. At almost all ports of the world the employment of a duly licensed local pilot is necessary both on arrival and on departure, and in some narrow channels, when not legally indispensable, it is the invariable practice. This precaution is required by insurance policies even though in many cases the master of the vessel himself may be almost as well acquainted with the dangers of the harbors which he enters fre-

quently as can be the professional pilot. This is done to guard against possible disaster in the case of masters who are not familiar with channels, marks, etc. Even though his vessel be in charge of a regular pilot, the master himself, nominally absolved from blame, is in reality held responsible by its owners for disasters that may occur while the ship is under the control and direction of another to whom he has been forced by law to surrender temporarily his own vessel. Even under such circumstances disasters often result in the master's resignation or degradation in rank.

Pilotage fees are usually based on the draft of the vessel or its net register tonnage. Pilotage rates of the port of New York, from April 1 to November 1, are:

	Rate per foot draft	
Vessels Drawing	Inward	Outward
6 ft. to 13 ft. 6 in.	$2.78 per ft.	$2.02 per ft.
14 ft. to 17 ft. 6 in.	3.38 per ft.	2.33 per ft.
18 ft. to 20 ft. 6 in.	4.13 per ft.	3.08 per ft.
21 ft. to 37 ft. 6 in.	4.88 per ft.	3.56 per ft.

During the winter months $4 is added to the gross amount of each pilotage.

Rates vary at different ports. For example, Boston pilotage rates (inward) run from $2.64 for vessels drawing 7 feet up to $5 for vessels drawing 23 feet or more.

3. Ship's Papers

(a) Bills of Health

From arrival at a port of the United States until a ship has been taken in charge by an officer of the customs, no

persons, except a pilot, an officer of the customs, a health officer, agents of the vessel, and consuls,[4] are allowed to go on board or to leave the vessel.

Ordinarily the first persons to board an incoming steamer are officers of public health departments. In the United States, officers of the Marine Hospital Service, maintained by the National Government, and officers of quarantine services, established by the State holding jurisdiction over the port of arrival, co-operate to prevent the introduction of contagious or infectious diseases.

One of a ship's most important papers is a *Bill of Health.* No vessel from a foreign port can enter a port of the United States without this document in proper form.[5] Similar regulations are in force in all other countries. A vessel which is clearing from a port in one country and destined to a port in another country must obtain such a document from the consul representing the country of his destination. It states that the port from which the ship clears is free from contagious disease or if one case is known to exist, that fact is endorsed on the Bill of Health. To all of these facts, the consul of the country to which the ship is bound certifies. On arriving at port of destination, the captain must produce this Bill of Health for the inspection of the quarantine officers. In addition to stamping it these officials usually make a more or less thorough examination of the passengers and crew on board the ship, to satisfy themselves that all are free from diseases likely to endanger the public health of the port. In the case of passengers in the first and second cabins this examination is almost always perfunctory when performed at all, except in the case of ships arriving from tropical ports, which are always under suspicion.

[4] Passenger Act of 1882, § 9.

[5] Act of Feb. 15, 1893.

N. Y. Cat. No. 2091
Art. 130, Customs Regulations of 1908

Department of Commerce and Lab
BUREAU OF NAVIGATION

The United States of America

BILL OF HEALTH

CUSTOMHOUSE, PORT OF NEW YOR

To all to whom these Presents shall come:

Whereas, the .....,

....., of which ..... is Mast

is now ready to depart from the Port of New York for .....

.....

and other places beyond the sea, with ..... perso

including the Master of the said vessel:

We, therefore, by these presents, do make known and Certify that no plague nor a

other dangerous or contagious disease in an epidemic form at present exists in the said Port.

GIVEN under our hands and seals of office, this .....

day of ....., 191...., and in the .....

..... year of the Independence of the United States of America.

.....

Deputy Collector of Cus

.....

Deputy Naval Officer.

13—47

Fig. 2.—Bill of Health

In the case of steerage passengers and crew, inspection is always thorough and serious. The yellow flag, flown from the foremast, is the outward evidence that a ship has not passed the inspection of health officers and is familiar to all travelers on approaching a quarantine station. It is lowered only when the boarding officers grant the vessel *practique*.

(b) Manifests and Other Documents

Following the visit of the quarantine officers the captain receives the call of officials in the custom-house service. To these officers the captain must show three different kinds of documents:

1. A List of All Passengers.[6]
2. A List of Stores.[7]
3. A Manifest.[8]

The *List of All Passengers* is useful in keeping records of the migration and travel of people among the several nations of the earth. It facilitates accountability, especially in the case of criminal, diseased, and other undesirable passengers.

The *List of Stores* enumerates the provisions, liquors, etc., still remaining on board at the end of a voyage. This document helps to prevent confusion between stores and actual cargoes.

The most important document is the *Manifest,* which

[6] In the United States with numerous details. See Amendment to Passenger Act, Feb. 9, 1905.

[7] Revised Statutes, 2795.

[8] "A Manifest is a declaration of the entire cargo; a bill of lading is a declaration of a specific part of the cargo. A Manifest is essentially a summary of all the bills of lading." N. Y. & Cuba Mail S. S. Co. v. United States, 125 Fed. Rep. p. 320 (1903). For United States regulations, see Revised Statutes, 2806 *et seq.*

enumerates item by item the different consignments of merchandise, etc., which make up the cargo of the ship. In the United States a preliminary copy of the Manifest is delivered to the custom-house officials who board the ship on entering port; final attested copies must be mailed immediately to the Treasury Department and delivered to the chief officer of the customs authorities (the Collector of the Port). This must be done as soon as the ship has docked and before unloading is begun.

The Manifest is required by all countries both on sailing from port and on arriving at port of destination, chiefly for statistical purposes. It is made up by the ship's purser or other official, from the individual bills of lading issued by the ship, its master, or its owner or agent, to the various shippers who are forwarding goods by it. In the case of a bulk-freight carrier there may be but a single line; on the other hand, in the case of a miscellaneous cargo, as many as 18,000 different items have been listed in a single ship's Manifest.

Before a vessel can sail on her voyage to a foreign port, the master must file with the Collector of the Port (or similar official in other countries) a Manifest of all the cargo on board, specifying the articles shipped, their values, ports of destination, etc., similar in character to the inward Manifest; in fact, the outward Manifest at port of departure virtually becomes the inward Manifest at port of destination. With the filing of an attested copy of the outward Manifest the Collector of the Port grants a *Clearance* for the vessel and her cargo. Failure to obtain such a Clearance is punished by heavy fines[9] besides involving serious trouble at port of destination.

[9] Revised Statutes, 4197.

(c) Log Book

Every master of a ship is obliged to keep a record of each voyage in what is known as the ship's *Log Book.* In the United States and in some other countries an approved form of such Log is suggested to mariners, although not insisted upon by law. In this record, a sort of official diary, the master enters the daily observations, calculation for the day's run, statements as to the weather prevailing, such unusual occurrences as the prevalence of icebergs in certain latitudes, an encounter with a derelict, the rescue of the crew of a ship in distress, and above all full details of a collision. In addition, he must note births, deaths, marriages, cases of sickness or injury that occur on board and troubles that occur in the ship's crew, offenses committed, punishment inflicted, etc.[10] At the end of each voyage the Log, signed by the captain and witnessed from among his officers or crew, is open to the inspection of all parties interested.

(d) Ship's Articles

One of the most important of the papers which the master of a ship must produce is commonly known as the *Ship's Articles.* This is the agreement between master and seamen made, in shipping, for each voyage. The United States (as do most countries) safeguards the lives, health, well-being, and property of men carried to sea as members of a ship's crew. To this end the agreement signed by master and men, acknowledged and certified before a shipping commissioner, carefully specifies

[10] Revised Statutes, 4200.

Index to Entries in Official Log-Book.

ENTRIES.	Reference to any page in which the various entries appear.
1. Conviction of any Member of Crew and Punishment	
2. Offense committed by Member of Crew for which it is intended to prosecute or to enforce a Forfeiture, together with such statement concerning the reading over such entry, and concerning the reply (if any) made to the charge as hereinbefore required	
3. Offense for which Punishment has been inflicted on board, and the punishment inflicted	
4. Statement of the conduct, character, and qualifications of each Member of the Crew	
5. Illness or injury that has happened to any Member of Crew, the nature thereof, and the medical treatment adopted (if any)	
6. Death that has happened on board, and cause thereof	
7. Birth that has happened on board, the sex of the infant, and the name of the parents	
8. Marriage that has taken place on board—names and ages of the parties	
9. Name of Seaman or Apprentice who has ceased to be a Member of the Crew, otherwise than by death, with the place, time, manner, and cause thereof	
10. Wages due to any Seaman or Apprentice who has died during the voyage, and the gross amount of all deductions to be made therefrom	
11. Deductions of Wages	
12. Sale of the Effects of any Seaman or Apprentice who has died during the voyage, including a statement of each article sold and the sum received for it	
13. Survey of Provisions and Water	

11—530

Fig. 3.—Excerpts from a Log-Book

the nature and character of the voyage and engagement, wages, provisions to be furnished, regulations as to conduct, etc. Men must be engaged in the presence of a shipping commissioner or, in foreign countries, in the presence of a consul, and the master must exhibit a certified copy of the list of the crew to the first boarding officer at the first United States port at which the ship arrives on its return. He must also produce for inspection and identification the persons named on that list. The master and owner of a ship are severally liable to a penalty of $400 for each failure to produce any person on the certified copy of the crew-list, unless there is exhibited satisfactory proof of death, desertion, or discharge in a foreign country with the written and sealed permission of a consul.[11]

(e) Passports and Other Papers

For protection in case of wars, ships sailing from the United States to foreign countries are, at the request of the masters, supplied with a *Passport, Sea-Letter,* or "*Mediterranean Passport,*" in form prescribed by the Secretary of State.[12] On arriving at a foreign port the master must deposit these documents and the ship's register with his consul. The latter usually certifies such deposit to the competent local customs authorities. The master of an American ship, arriving at a port of the United States, deposits documents directly with the Collector of the Port, but the master of a British ship deposits them with the British consul, a Norwegian with the Norwegian consul, and so on.

[11] Revised Statutes, 4576.
[12] Revised Statutes, 4306.

B. T. Cat. No. 5004

The United States of America

Department of Commerce and Labor

BUREAU OF NAVIGATION

CLEARANCE OF VESSEL TO A FOREIGN PORT

(Section 4201, Revised Statutes)

DISTRICT OF THE CITY OF NEW YORK

PORT OF NEW YORK

These are to certify all whom it doth concern:

THAT .....

Master or Commander of the .....

burden ..... *Tons, or thereabouts, mounted with* .....

Guns, navigated with ..... *Men,* .....

..... *built and bound for* .....

having on board .....

.....

.....

.....

MERCHANDISE AND STORES,

hath here entered and cleared his said vessel, according to law.

GIVEN under our hands and seals, at the Custom-House of the Port of New York, this .....

day of ....., *one thousand nine hundred and* .....

and in the ..... *year of the Independence of the United States of America.*

Deputy Naval Officer. *Deputy Collector.*

11—1004

Fig. 4.—Clearance to a Foreign Port

Other documents in charge of the master of a ship may include a copy of the *Charter Party* and the *Clearance* granted by the officers of the customs at her departure from the port whence she has come. This, too, must be filed with the Collector of the Port, as also, in some countries, the ship's accounts and her freight bills.

Two other matters connected with the commercial aspects of the navigation of a ship deserve mention. Whenever a captain has to jettison (throw overboard) a part of his cargo to lighten ship, or when ship or cargo suffers any damage by the sea or storms, sometimes when damage is only suspected, or when the ship has been unduly delayed, he must enter a full account in his Log Book. In addition, the captain, within 24 hours of his arrival at the first port he touches, "notes" his *Protest* before his consul, relating the circumstances of the disaster or the danger, attested by two or more members of his crew. This may be of great importance when making claim on the insurance companies; it sometimes helps to settle disputes between shippers and consignees. If necessary, a more complete statement, giving all details, is drawn up after the expiration of 24 hours—a process known as "extending" the Protest.

(f) Bottomry Bond

If the captain of a vessel is obliged, through accident or stress of weather, to put into a port to repair damages, he must sometimes raise a large amount of money. He may be able to sell a draft on his owners, but this is not always possible. Since the owner has a lien on the cargo for the freight that is due, the captain may, if he choose, sell a part of the cargo or he may pledge the

ship and cargo, executing what is known as a *Bottomry Bond.* This is really a mortgage on the bottom of the ship (the hull, taken to represent the whole ship) and sometimes also on the freight money that may be due and on the cargo. The money borrowed in such a transaction is paid back when the ship reaches her destination; but if the vessel is lost before the loan is repaid the lender loses his money. Because of the risks incurred, high premiums usually have to be paid for such loans, especially since a second bond may be placed on the vessel in case of further disasters, and the second will take precedence over the first in repayment. The law in this respect is the reverse of that which governs mortgages on real property. Cargo is infrequently sold, and only as a last resort. All losses incurred in such circumstances constitute a claim on insurance companies, coming under "general average."

TEST QUESTIONS

1. How many pounds are there in the long ton, the short ton, and the metric ton, respectively?
2. How is the gross tonnage of a vessel determined?
3. What is meant by the net tonnage of a vessel?
4. What per cent of the gross tonnage is the net tonnage of a vessel?
5. Why is it important to have a standardized system of measuring the capacity of a ship?
6. What is meant by the displacement tonnage?
7. What is meant by dead-weight capacity?
8. What is a Plimsoll line?
9. Why can no definite ratio be established between the net tonnage of a ship and its dead-weight capacity?
10. Why does a shipowner ordinarily not care to load his entire vessel with iron rails?
11. Explain what is meant by "inspection" and "rate" of ships.
12. What is meant by the registration of a vessel?

13. By what three names are vessels admitted to American nationality?
14. What is meant by pilotage fees? Why are they levied?
15. What is a bill of health? A *practique*?
16. For what purpose is a manifest issued?
17. What is meant by the clearance of a vessel?
18. Describe the nature of a log-book.
19. Explain the nature of "ship's articles."
20. What is meant by a protest? For what purpose is it made?
21. Explain a bottomry bond.

CHAPTER IV

SEAPORTS AND TERMINAL FACILITIES

1. National Harbor Improvements

River and harbor bills in Congress—too often sarcastically referred to as "pork barrel bills"—are commonly objects of popular suspicion. Unfortunately there is usually some example to be cited in support of the popular view that their provisions are sops thrown by politicians to different sections of the country without much, if any, regard to the real necessity for, or actual value of, the proposed improvements. Nevertheless, improvements of immeasurable value to the whole country have been carried out with the nation's money thus appropriated.

The completion of the Ambrose Channel, the great entrance to New York Harbor, affords a magnificent sea-way 40 feet deep and 2,000 feet wide, and shortens the approach to New York docks, as well as makes safe entrance for the enormous new ships that are now being built. The harbor facilities of Boston, Baltimore, and Philadelphia are to be greatly improved—about $10,000,000 being expended at Philadelphia, for example, in giving that city a 35-foot channel. Hampton Roads, Boston, and Baltimore are to have harbor channels of similar depth. Work on the Pacific coast includes the

canalization of the Columbia River, which will ma Lewiston, Idaho, a seaport. This will obviate the nece sity of a railway for the transshipment of river freig to that point.

These are only hints at the great work that has bee and is today being carried on by the National Govern ment in the improvement of American ports. Yet, while vast sums of money have been expended in the improvement of channels, it is doubtful if sufficient attention has hitherto been paid to the improvement of terminal facilities. Co-ordination of railway or interior waterway with ocean steamship terminals is obviously at least as important as the development of harbors and channels.

Control of the terminal facilities either of railroads or of water lines means practical control of the routes themselves. In continental Europe public ownership of docks is the general rule, while in Great Britain a form of quasi-public control, called a "harbor trust," prevails. In this country, however, private ownership largely vested in railroads and industrial organizations which are affiliated with the railroads is the rule. This failure to combine the policy of river and harbor improvements with a comprehensive plan for the construction and administration of port terminals has operated to neutralize in considerable degree the value of such improvements.

2. Control of Terminals

For the past few years, states, municipalities, and the Federal Government itself have been devoting a good deal of money and the study of trained experts to the

many problems involved in the adequate development of ports and terminals, in order to meet the needs of our enormous and growing commerce. Municipalities, particularly, endeavor to meet the competition of rival ports. The space available for water terminals at any port is obviously much more limited than that for railway terminals. The Federal Government exercises a certain control over water terminals, establishing a pierhead line beyond which pile structures may not be built and a bulkhead line beyond which solid filling in may not be done. Legislation by Congress controls, to some extent, the building of wharves and piers which are subject to the public right of navigation and are further regulated by the states and by local authorities.

The question of public control and ownership of facilities and of charges for their use has grown to be of paramount importance to port officials, owing to extensive, sometimes dominating, ownership of water terminals by railways, whose interests may rival those of the water lines. This influence is believed to have seriously retarded development in the case of more than one port.

At most ports of the United States municipal authorities are seeking to regain from the railroads the control of waterfronts, piers, etc., once thoughtlessly given away. The interdependence of rail systems and water borne traffic is clear. Terminals where rail and water systems connect are affected with a peculiar public interest which demands, for itself, such facilities for the storing and for the expeditious and economical handling of freight as will attract increased traffic.

A public port is a complex organism consisting of something that is natural, as a convenient access from the sea, a safe station against winds and a shore upon which vessels may well unload;

something that is artificial, as quays, wharves and warehouses; and something that is civil, as privileges and regulations given to it by the government.[1]

In a letter recently addressed to the author, Director Norris of the Department of Wharves, Docks, and Ferries of Philadelphia, reflects on present conditions and future prospects in the following language:

Undoubtedly the large improvements now projected or under way in many of our ports are the material evidence of an "efficiency competition" that is establishing a higher port standard than has heretofore been attained in this country. Each port is attempting to give to that commerce which it can attract not only the best facilities to be had in channel, piers, warehouses and terminal convenience, but also to provide them at the lowest possible cost. Naturally, this striving, whose last word is economy, has centered attention upon transshipment costs on the piers, and this question ultimately assumes a greater importance than the physical problems encountered in port development and administration; for, after all, physical improvements are designed solely to procure trade, and trade cannot be had if an antiquated and expensive terminal system imposes an unjust tax upon the port's commerce.

3. Terminal Facilities

Terminal facilities of ports, varying with the size and character of the harbor and the nature and extent of its commerce, include docks, wharves, piers, switching tracks, belt railroads, warehouses, elevators, and various other arrangements for transferring and storing freight and for housing passengers.

At most ports one of the first requirements is to provide a means by which vessels can have direct access to the land. This can often be most easily provided by a wharf or pier extending

[1] Commissioner of Corporations, *Transportation by Water in the United States.*

to deep water. At important ports it frequently becomes more economical to combine the construction of wharves and piers with the dredging of slips or docks. The term "dock" has been judicially defined in this country as a place for vessels, whether excavated exclusively from land, or surrounded by wharves, or as the space between two wharves.

A "wharf" may be defined as a structure or space artificially prepared on navigable water for loading or unloading vessels, where they may lie in safety.

Where a river is so narrow that piers long enough to accommodate a vessel cannot be built into the stream, vessels must lie in a single row lengthwise along the shore.[2]

Ocean steamship piers of the best and most modern description are from 800 to 1,200 feet long and from 250 to 400 feet wide. They are usually covered by one- or two-story "sheds" for the protection of freight and passengers. Ocean vessels are moored upon both sides of piers on which, or along the margins of which, railway tracks are sometimes laid. Generally, large vessels cannot move from wharf to wharf after freight; their time is too valuable; freight must be brought to them. The earning capacity of vessels is often determined by the number of trips that they can make within a given time. Rapid loading and unloading are therefore necessary to secure the minimum of idle time and the maximum earning efficiency.

At some ports, and in the case of some kinds of commodities extensive and efficient use is made of freight handling machinery. As a general rule, however, water terminals in the United States, even those of the first importance, are surprisingly backward in mechanical equipment, particularly for the handling of package business.[3]

[2] Report of the Commissioner of Corporations, *Water Terminals*. It should be noted that "dock" is used in other countries in quite another and different sense.

[3] Report of the Commissioner of Corporations. The third volume of this valuable publication deals with *Water Terminals*.

It is acknowledged that with hand methods it is impossible to convey goods to and from a vessel as rapidly as they can be stowed in the hold or stored on shore, and that mechanical appliances for loading and unloading freight are very important factors in the economy of terminal facilities. It is also necessary that freight be classified at wharves and stored in warehouses at low cost. In the absence of convenient storage it is impossible to move goods to and from the wharf with carts and drays as rapidly as they can be moved between wharf and vessel.

There are two important problems which our ports face today: (1) To provide more piers to accommodate the increased volume of commerce passing through each port and (2) to make full use of every pier in order to reduce the present relatively excessive pier costs. These demands, in turn, have created the necessity for effective mechanical devices and installations which will not only distribute freight over a pier more quickly, more advantageously, and at a less expense than is now possible by "man and truck" methods, but which will also, where possible, transport cargoes directly from railway train to vessel's hold or vice versa.

After being discharged from a vessel, freight must be transferred to another vessel, to some other wharf in a distant part of the harbor, to a railway terminal, to the warehouse of consignee, or to the custom house. It is taken from one part of the harbor to another by lighters, by wagons, or by a belt railroad. To minimize delays, cost, and rehandling involved in lighterage or trucking, some municipal authorities are seeking to extend public control of terminals, the better and more impartially to co-ordinate rail and water facilities. They

are devoting especial attention to the building or extension of belt and spur railway lines which shall connect the piers of ocean steamers with railway, freight, and other warehouses, and even with large industrial and manufacturing plants.

(a) Freight-Handling Machinery

The report of the Commissioner of Corporations, already alluded to, which discusses the mechanical handling of freight at some length, can hardly be improved. Space permits only some essential extracts.

Freight-handling machinery may be divided into two general classes: (1) General types for handling miscellaneous cargoes and (2) special types for the handling of particular commodities moved in bulk.

These types may be divided into two headings: (a) ship machinery and (b) land machinery.

(a) Ship machinery commonly consists of a number of small independent donkey engines each operating a windlass and hoisting gear.

(b) As ship machinery can swing the freight only a few feet from the ship's side, it is better, if practicable, to use land machinery, which can be built on a larger scale and especially with a wider reach landward. Most numerous and useful are movable cranes, preferably on tracks along the wharf. A long arm reaches over the ship, takes its cargo, and swings it from the ship to a railway car or a wagon or into the freight shed on the wharf. A small steam derrick on wheels, moving from place to place like a wagon, is sometimes used to pick up cotton bales or heavy boxes and heap them on drays.

Package freight is usually carried to the vessel by hand trucks, sometimes by modern appliances (as a moving platform conveyor on which packages may be delivered or hand trucks wheeled); it is slid into the vessel by sloping gangways or loaded by power hoists. The handling of package freight is almost of necessity a more expensive operation than the handling of bulk cargo.

Machinery can be much better utilized in the handling of coarse bulk articles like coal, ore, and grain. To this end special types of machinery have been developed for loading and unloading these commodities. Where the articles handled are uniform in character and in very large quantities, special cars, vessels, wharves, and warehouses are often built. Ores are admirably adapted to mechanical handling, as rough usage and water do not injure them. Probably no other traffic in the world is handled with as perfect mechanical devices as those used in the iron ore traffic on the Great Lakes. The various iron ranges are connected by rail with the ore-shipping ports. The ore is scooped up at the mines by steam shovels, which deposit it in cars. The trains run out upon high piers, extending into the lake a distance of from 1,000 to 2,300 feet and from 50 to 75 feet above the water, enabling the largest of ore-carrying vessels to lie under them. Movable chutes are attached, reaching to the hold of the vessel. Several piers have a storage capacity by pockets, making it possible to store from 20,000 to over 100,000 tons of ore at each pier, pending the arrival of a ship. It is not unusual to put over 10,000 tons into a ship in one and one-half hours.

The final destination of the most of the ore shipped from the Superior region is Pittsburgh and neighboring

cities where the blast furnaces are located. This necessitates transshipment at Lake Erie ports and the greatest of expedition to prevent undue detention of the vessels. The vessels are run under huge unloading machines, whose steel arms are thrust into the hatches. No shovelers are used except to clean up the fragments of a cargo. It is not unusual for vessels having a capacity of more than 10,000 tons of ore to be unloaded in less than five hours. At one time, 10,635 tons were unloaded and transshipped in cars in less than three hours' time. Until about 1890 this unloading was done by hand, and the price paid for this service was 12 to 13 cents per ton. Now the charge of unloading by machinery is 20 cents per ton, but a steamer can be unloaded in as many hours as it formerly took days.

In the principal types of machinery used in transshipping coal to vessels, the coal cars are run on to the dock close to the side of the ship and there clamped to the track on a movable platform. This platform and the car are then brought as close to the vessel as is possible and tilted bodily so as to deliver the coal with the minimum of fall, either into movable loading buckets or inclined chutes, by which it is loaded into the vessel.

The facilities for loading vessels with fuel coal (bunker coal) for their own consumption have kept pace with those for loading cargo coal. By means of the fueling lighter, ships now take on fuel for the trip up the lakes at the same time they unload their down-lake cargoes. This method is used, to a limited extent, at seaports also.

At United States ports, bulk cargoes of grain have been handled with remarkable celerity and efficiency for many years. The employment of the usual grain-elevator machinery was long ago supplemented by pneumatic tubes,

which sweep the great holds of grain-carrying vessels clean, leaving hardly a single kernel as evidence of the cargo that once filled the vessel. The grain-elevator system, as devised and perfected in this country, has been extended to all grain-producing countries of the world. All have followed the American practice in building, not only storage elevators, but also floating elevators for the quick transference of barge cargoes to steamship holds. Something like fifty such floating elevators are in use in New York harbor, although this particular harbor is no longer as important a factor in the American grain-shipping business as it used to be.

A floating elevator is not a storage warehouse, but is simply a piece of transshipping machinery consisting essentially of a tower built on a hull. It takes its position between the steamship to be loaded and the barge or canal boat with its load of grain. A "leg" is dropped into the canal boat, the elevating machinery put into motion, and the grain transferred through delivery spouts on the opposite side of the floating elevator into the hold of the ship, with a minimum of labor, expense, and time.

Some Florida ports have, within the last three years, developed an important export trade in phosphate, and have installed belt transmission equipment more up to date than will be found anywhere else on the coast of the United States.

4. Principal American Seaports

Having dwelt at some length on harbors, ports, and terminal facilities in general, it remains to consider how certain representative seaports of the United States have met the problems involved. Beginning at the north-

eastern, that is, the upper right-hand corner of the map of the United States, following the coast line around to the Mexican border, jumping over to the Pacific coast, and traveling north to the Canadian border, a total coast line of over 5,700 miles, we find the following seaports used to greater or less extent as terminals of ocean steamship lines:

Portland, Maine	Pensacola, Fla.
Boston, Mass.	Mobile, Ala.
Providence, R. I.	Gulfport, Miss.
New York, N. Y.	New Orleans, La.
Philadelphia, Pa.	Port Arthur, Tex.
Baltimore, Md.	Galveston, Tex.
Norfolk and Newport News, Va.	Texas City, Tex.
Wilmington, N. C.	San Diego, Calif.
Charleston, S. C.	Los Angeles, Calif.
Savannah, Ga.	San Francisco, Calif.
Brunswick, Ga.	Oakland, Calif.
Fernandina, Fla.	Portland, Ore.
Jacksonville, Fla.	Tacoma, Wash.
Tampa, Fla.	Seattle, Wash.
Key West, Fla.	

In addition to the foregoing, there are numerous minor ports that are "ports of entry"[4] and are occasionally visited by steamships on special errands, but even among the larger ports included in the list given there are some to which no special attention need be given in a general review such as this.

Statistics compiled by the Bureau of Foreign and Domestic Commerce for the fiscal year ending June 30, 1913, point to a slight decline in the share of our Atlantic ports in the distribution of the nation's foreign commerce. Pacific ports show little change in their per-

[4] A port of entry is one where there is a custom house for the entry of goods. Neither in our own nor in any other country is a ship arriving from a foreign port permitted to land cargo at points on the coast, even towns of importance or natural harbors, that have not been officially designated as ports of entry.

centage of the total trade, and the loss of the Atlantic ports seems to have been diverted to the Gulf and Northern border ports.

The gain in exports through the Gulf ports occurs in trade with Europe, South America, and the West Indies. Cotton, lumber, and breadstuffs have passed more largely through the Gulf ports to European markets, and there has also been a distinct increase in the movement of manufactures from these ports to Latin America. As for imports, about one-third of those through the Gulf ports came from Brazil, consisting chiefly of coffee; about one-fourth from Cuba, chiefly tobacco; the remainder from Europe, Mexico, Central America, and the West Indies. Both Pacific and Atlantic ports are more distinctly cosmopolitan in their trade.

About one-half of our exports from Pacific Coast ports goes to the Orient, the remainder being distributed to Canada, Europe, and Latin America, in the order named. Two-thirds of the imports of the Pacific ports come from the Orient. The trade of the Atlantic ports is with all the world—with Europe, South America, Africa, and Oceania, and even about two-thirds of the total trade of the United States with the Orient still passes through them.

(a) The Port of New York

According to figures published by the *Nation's Business,* the organ of the Chamber of Commerce of the United States, New York has grown to be the world's greatest port as well as by far the most important in the United States. Unfortunately the latest available statistics regarding the commerce of the world compel

in some cases a comparison between the year 1911 and 1912 and are therefore unsatisfactory. However, in 1912, New York had a greater commerce than London. Below are given details relative to the total commerce, or the sum of exports and imports, at the ten greatest ports of the world.

1. New York	1912	$1,793,690,123
2. London	1912	1,791,857,641
3. Hamburg	1911	1,674,187,176
4. Liverpool	1911	1,637,280,476
5. Antwerp	1911	1,121,654,799
6. Marseilles	1911	678,431,300
7. Havre	1911	531,096,600
8. Bremen	1911	501,146,540
9. Buenos Aires	1912	479,536,241
10. Calcutta	1911	410,128,830

New York's Percentage of the Nation's Merchandise Exports and Imports

	Exports	Imports
1862	72 per cent	68 per cent
1872	53 per cent	66 per cent
1882	43 per cent	68 per cent
1892	40 per cent	64 per cent
1902	36 per cent	61 per cent
1912	37 per cent	52 per cent
1913	37 per cent	57 per cent

According to statistics given out by the Department of Commerce, New York has collected, for the last twenty years, an average of 65 per cent of the nation's customs.

The Commissioner of Corporations says:

As a terminal organism its complexity and diversity make it a most interesting study. It is a terminus, not only of the important trunk railroads and of many of the leading ocean steamship lines, but of a large number of coastwise lines and furthermore of the Erie Canal. The congestion of business is further complicated by an enormous volume of local passenger traffic. The most important sections of the harbor are the two sides of

Fig. 5.—A Car-Tipping Machine, Used in Loading Barges and Ships with Coal

Manhattan Island (the North, or Hudson River, and the East River), the Long Island (especially the Brooklyn) waterfront, and the Jersey City waterfront, which although in another State is commercially an integral part of the harbor. The harbor has a total waterfront, including 30 miles of the New Jersey shore from Perth Amboy to Fort Lee, of about 475 miles, of which 125 miles are available for ocean steamships.

Wharves and piers extend along both the Manhattan and New Jersey banks of the North (Hudson) River, on both sides of the East and Harlem rivers, around the shores of the Upper Bay, at various points at the eastern end of Long Island Sound, and along the channels between Staten Island and the New Jersey mainland.

The congestion of traffic at present is extreme, especially on Manhattan Island. Co-ordination of rail and water carriers is very defective. There is practically no belt railroad and very little rail connection, between the water terminals and local industries. The present system necessitates a very large amount of rather expensive intra-harbor transfer and rehandling by lighterage and drayage. Most of the railroads reaching New York harbor have some sort of co-ordination between their rail terminals on the New Jersey shore and the piers on Manhattan Island and in Brooklyn.

The absence of railroad terminals on the most active portion of the New York waterfront has developed the necessity for an extensive lighterage system which is one of the most important factors in the New York terminal situation. The lighter, for general use, is a scow-shaped vessel of from 300 to 800 tons capacity, equipped with a mast and a boom. For the most part the cargo is carried on the deck. For some package freight, covered barges of from 300 to 500 tons capacity are used. The volume of lighterage business is enor-

mous. Information collected a few years ago reported about 10,500 crafts (employing about 60,000 men) performing lighterage service in the harbor. The railroads alone, exclusive of their ferry boats, have a fleet of about 1,300 harbor vessels. Even in the case of the New York Central, which enters Manhattan Island directly by land, three-quarters of its freight is moved in barges at New York.

Car floats are used extensively to take rows of loaded freight cars from the railroad direct to the warehouse or the steamship. There are a number of car floats in the harbor capable of carrying twenty-three cars, each of 100,000 pounds capacity.

The lack of adequate rail-water co-ordination has resulted in an extraordinary amount of drayage. Practically all shipments in small lots arriving at New York harbor by rail from interior points, or by steamer from coastwise places, are transferred by drays, whether to warehouse of consignee or to wharf of outgoing ocean steamship. Floats carry the freight cars from the various railroad terminals (separated from Manhattan Island by the rivers) to piers in New York City which are controlled by the roads; there the freight is unloaded into crowded freight houses, whence it is wheeled on hand trucks to the waiting drays. Outgoing rail shipments from Manhattan Island are brought to the railroad piers by drays and thence shipped in similar fashion.[5]

[5] Although the Pennsylvania, the New York Central, and the New York, New Haven & Hartford systems have their passenger terminals in New York City proper, their freight terminals have to be located in less crowded and less expensive districts. A very limited part of the New York Central's freight is handled by a special line on Manhattan Island.

Perhaps the highest terminal development has been reached in the Bush Terminal, on the Brooklyn waterfront. This is controlled by an important private dock company holding 29 blocks in South Brooklyn with a frontage of 3,120 feet, six piers, 115 warehouses, a terminal railroad with large car yards, spur tracks on and about the docks and in the warehouses sufficient to accommodate 1,200 cars, and a number of car floats. It has excellent mechanical transshipping facilities and its entire system of docks, warehouses, and equipment is well co-ordinated with the trunk-line railroads. Its terminal railroad connects with the Brooklyn terminals of about eight or ten railroads. Most of its wharves are leased to ocean steamship lines. The city is at the present time completing, adjacent to the Bush Terminal, a series of large docks of similarly modern and improved character, and in November, 1913, work began on several 1,200-foot piers on the Hudson River front of Manhattan Island. A new private company is ready to proceed with the construction of a great terminal on Staten Island.

Some of the railroad wharves have grain elevators at their terminals on the New Jersey shore. It is a remarkable fact, however, that grain is not loaded in vessels at these elevators. All the grain carried by vessels from New York goes in parcel, that is, less-than-cargo lots. Inland freight rates on export grain are said to favor Philadelphia, Baltimore, and other eastern cities as against New York, and for this reason have diverted the full-cargo business from New York City to these other ports.

The lack of cargo grain business and the practice of ocean steamships not leaving their docks to take on cargo have contributed toward the development of the

service of transferring grain from railroad floats or canal boats to vessels by floating elevators as already described.

As at other American ports, the Dock Commissioner of the City of New York has, for several years, been planning important improvements. In addition to intricate and elaborate schemes that have been proposed and are still under consideration, many of the most important of the old piers are being extended and modernized, and new arrangements permitting of easier access to piers on the East River are under way. The War Department has recommended the expenditure of over $15,000,000 in New York Harbor. This will make the Harlem River and the East River available for shipping hitherto barred from them. The city's policy tends more and more toward acquiring municipal ownership and control of its port facilities. Pier rents are high; the principal lines of ocean steamships pay annually from $20,000 to $65,000 per pier, usually on long-term leases. This considerably modifies municipal control. The natural advantages of the harbor and of the city, as the metropolis and the focal point of so many transportation lines, both rail and water, will almost certainly give the port perpetual pre-eminence. It is more than likely, however, that in the relatively near future cheaper locations for piers and wharves will be sought, by all except the highest class of express passenger ships, in outlying portions of the bay or other waters near by.

Lighterage charges in New York Harbor apply to through freight from or to coastwise and foreign vessels, handled largely on through rates, which in many cases include the lighterage charge within specified limits

Fig. 7.—A Typical New York Lighter Alongside Steamer

Fig. 8.—A Car Float in New York Harbor

The terminal railways always provide that "the term 'lighterage free' should be fully understood to mean that carload freight will be lightered free to any public pier or landing within lighterage limits." For this service the terminal railroads at New York are allowed 3 cents per 100 pounds by connecting carriers. This is 1.8 cents per bushel on wheat, about the same as the lake rate from Duluth to Buffalo and the exact amount of the differential existing between the all-rail rates from Chicago to New York and Baltimore, respectively. Export freight in carload lots is entitled to free lighterage in the port of New York within carefully defined limits, but these lighterage limits embrace practically the whole range of the railroad terminals and the piers at which ocean steamships usually load.

There are exceptions as to the kind of carload freight that is granted free lighterage. From New England points the exceptions are bulk freight and any article over three tons in weight, cotton waste, loose hides, lumber, macaroni, machinery, molasses in wood, and cheese. Local lighterage rates on these excepted articles from New England points, other than bulk freight, lumber, and heavy pieces, vary from 4 to 8 cents per 100 pounds, minimum charge $12.

The free lighterage clause applying to export freight shipped in carload lots applies even when all goods in a given car are not intended for the same consignee, destination, or even the same steamship out of New York. The regulations are in substance as follows:

On carload eastbound "Lighterage Free" freight (except lumber) three free export lighterage deliveries or one free domestic lighterage delivery will be made from any one car; any additional lighterage deliveries from the same car will be subject to

a charge of 3 cents per 100 pounds with a minimum of $6 for each lighterage delivery, except that any remainder of freight from the same car may be delivered in one lot, at one time, at any one regular station of the railroad company within the "free lighterage" limits, subject to a charge of $1. The above charges will be in addition to the freight charges.

When more than one lighterage delivery from any one car of lumber is made, the charge for each lighterage delivery, after one free delivery, shall be 3 cents per 100 pounds with a minimum of $6 in addition to the freight charges.

Less-than-carload shipments of export freight through the port of New York should be waybilled and carded to "New York Lighterage." The lighterage charge on such lots for export shipments only, is 3 cents per 100 pounds, with a minimum charge of $6.[6]

On small less-than-carload shipments of export freight from western inland points, not covered by the regulations quoted, the railways make various charges for cartage and ferriage in addition to the inland and ocean rates. According to the Shipping Instructions published by the Pennsylvania Railroad the charges are: Single shipments less than 200 pounds, 50 cents each; from 200 to 499 pounds, 75 cents each; from 500 to 1,999 pounds, $1 each; and so on, to steamships within certain limits, with 50 per cent additional to certain other specified steamship piers on Manhattan Island. Deliveries from New York stations to vessels lying in Brooklyn, Jersey City, and Hoboken cost 50 per cent more than the rates above named, plus 75 cents for ferriage on each 4,000 pounds or fraction thereof, and special rates are named for shipments to be delivered to certain other more distant docks. It may be noted,

[6] For full details as to New York terminal arrangements, as those of other ports also, see East Bound Guide Books, Billing Instructions, etc., issued by the various trunk lines.

however, that rates published by the railroads may sometimes be largely discounted through contracts with independent truckmen or forwarding agencies in New York.

Freight is usually allowed to remain at the arriving station without payment of storage charges for a certain limited period after arrival—generally from 24 to 48 hours. In the case of freight arriving at New York, intended and specified for export, ten days' free storage is granted by the trunk lines from the west, although the same privilege has not been extended by the rail or boat lines bringing freight from the New England States.

The railroads entering New York have established various rules and regulations governing the movement of freight in New York Harbor, including the handling of export and import traffic. The specimen pages from the Pennsylvania Railroad tariff shown herewith indicate the nature of the regulations applied to this traffic.

(b) The Port of New Orleans

The port of New Orleans, situated about 100 miles from the Gulf of Mexico, stretches for about 15 miles along the Mississippi River, which at this point is one-half to three-quarters of a mile wide and from 40 to 100 feet deep. The levees for flood protection are very wide and serve the purpose of marginal streets along the waterfront, the wharves being built above the levee and out beyond it. Unloading can be done in midstream but most vessels land broadside along the wharves, which project from 50 to 100 feet. There are approximately five miles of wharves with a possible river frontage of

18.—Extra Towing Charges for Car Floats, Lighters, Barges or Grain Boats.

The following is the schedule of charges for towing freight, lightered or floated, to available points beyond the free lighterage limits, New York Harbor. (See Rule 3):

To or from points beyond Jerome Avenue Bridge to 160th Street, inc.	$ 7.00
" " " " " 160th Street to High Bridge, inc	15.00
" " " " " High Bridge to Spuyten Duyvil, inc.	20.00
" " " " on the Hudson River between 135th Street and Inwood, inc.	15.00
" " " East Dock of Wards Island	10.00
" " " points beyond the East Dock, Ward's Island to Port Morris, inc.	15.00
" " " " " Pot Cove to Lawrence Point, inc.	15.00
" " " " " Lawrence Point to College Point, inc., including Bowery Bay, but not including Flushing Bay	30.00
" " " " in Gowanus Canal above Hamilton Avenue Bridge:	
Grain boats	5.00
Boats other than Grain boats	10.00
" " " " beyond 69th Street, South Brooklyn to Fort Hamilton, inc.	20.00
" " " " on the Jersey Shore, south of Avenue C, Bayonne City, to and including Neck at Bergen Point	7.00
" " " " beyond Neck at Bergen Point to Newark, N. J., inc.	30.00
" " " " on Staten Island Sound beyond Arlington to Elizabethport, inc.	15.00
" " " " on Staten Island Sound beyond Elizabethport to and including Perth Amboy and Tottenville	30.00
" " " " beyond Port Morris to Oak Point, inc.	20.00
" " " " on the East Shore of Newark Bay beyond neck at Bergen Point, to the C. R. R. of N. J. Main Line Bridge	10.00
" " " Linoleumville, S. I.	30.00

When an order is received from one shipper or consignee to lighter at one time, to or from one Harbor point, a larger quantity of freight than the capacity of one car float, lighter, barge or grain boat, the charge for the towing of but one car float, lighter, barge or grain boat will be made, but the full rates for extra towing beyond the free lighterage limits will be collected on each tow to one consignee, or from one shipper

19.—Demurrage Charges on Lighters, Barges or Car Floats carrying freight under Export and Domestic Bills of Lading.

When a car float, lighter or barge reports at its destination, shipper, consignee, ship owner or ship agency permitting or receiving the same, as the case may be, must provide a berth, and 48 hours from the time the car float, lighter or barge reports (Sundays and full holidays excepted), shall be deemed lay days without charge, after which demurrage shall accrue against each shipper, consignee, ship owner or ship agency, as the case may be, at the following rates per day of 24 hours or a fraction thereof:

Car Floats	$25.00
Steam Hoisting Barges, when handling shipments any peice of which weighs up to 25 tons	20.00
Heavy Hoisting Derricks, when handling shipments any peice of which weighs over 25 tons to 40 tons, inclusive	40.00
Heavy, Hoisting Derricks, when handling shipments any peice of which weighs over 40 tons	50.00
Other Lighters or Barges	10.00

Or, at the option of the Pennsylvania Railroad Company, if no berth is provided or the vessel is not unloaded within the lay days, the property will be removed to and stored in any public or licensed warehouse in New York Harbor, at the cost of the owner and without liability on the part of the Pennsylvania Railroad, and subject to a lien for all lawful charges.

Delivery of the property when covered by domestic bills of lading will only be made upon the payment or satisfactory guarantee of demurrage charges.

Exceptions.

(a)—When a car float, lighter or barge contains more than 200 tons of freight for one shipper, consignee, ship owner or ship agency, an additional 24 hours free time will be allowed that shipper, consignee, ship owner or ship agency for each additional 100 tons or fraction thereof in excess of 200 tons.

(b)—On deliveries to a steamer or other vessel, when car float, lighter or barge contains shipments for two or more shippers or consignees (whether covered by export or domestic bills of lading) but one bill for demurrage will be collected, provided the ship owner or ship agency pays or guarantees the charge, otherwise each shipper or consignee will be assessed demurrage at the foregoing rates.

FIG. 9.—Freight-Handling Charges in New York Harbor

Reproduced from Pennsylvania Railroad Company shipping instructions

20.—Wharfage.

No payments for wharfage for the berthing of lighters or car floats shall be made in excess of the legal rates established therefor. All other landing charges, including "top wharfage" if any, to be paid by shippers or consignees, who must also provide berth

21.—Expense of Bracing Shipments of Lumber and other Articles.

The expense for staking, wiring or cleating shipments of Lumber, Telegraph Poles or similar lading, will be made a charge upon the lading as follows:

When material and labor are furnished by the Railroad Company.....$2.00 per car.
When material is furnished by shipper and labor by the Railroad Company..... .50 " "

On Import traffic forwarded from ship's side, bonded warehouses or appraisers' stores, requiring to be secured by blocking, staking or otherwise, on or in cars for safe transportation, no charge for such service should be assessed against the property.

22.—Handling of Rejected Freight.

On rejected or re-ordered freight a charge of nine ($9.00) dollars per lighter shall be made for each towage movement between points within the free lighterage limits; the published rates for towing to points beyond the free lighterage limits to apply in addition to the above charge.

If the freight is not unloaded within the established free time from arrival at point to which lighter was originally ordered, the charge for demurrage as provided in the tariff of the delivering line will be assessed for any excess over such free time, in addition to the charge above provided for extra towage.

23.—Cartage and Ferriage Rates on Less than Carload Shipments of Export or Domestic Freight (see Note).

The following charges will apply on less than carload shipments of export or domestic freight (see Note) handled by the Pennsylvania Railroad Company's draymen and will be in addition to the inland and ocean rate.

(a)—Single shipments, less than 200 pounds..... ..... 50 cents each
" " 200 to 499 " inclusive..... 75 " "
" " 500 " 1999 " " .....$1.00 each.
" " 2000 pounds and over..... 5 cents per 100 pounds.

From any station south of 23rd Street, North River, New York side and 14th Street, East River, New York side, to any steamship pier north of 23rd Street, North River, and 14th Street, East River; or

From any station north of 28rd Street, North River, and 14th Street, East River, to any steamship pier south of 23rd Street, North River, and 14th Street, East River, the cartage charge will be 50 per cent. in addition to the foregoing rates.

On the North River, pier 62 is south of 23rd Street and pier 64 north of 23rd Street.

On the East River the highest established pier number is 62, located south of 14th Street.

(b)—Deliveries from New York stations to vessels in Brooklyn, Jersey City and Hoboken 50 per cent. in addition to the rates shown in Section (a) of this Rule, plus 75 cents for ferriage on each 4000 pounds or fraction thereof.

(c)—Articles of a particularly heavy or bulky nature cannot be handled at the charges above named, but will be subject to such charges as may be arranged for with the Pennsylvania Railroad Company's draymen in each particular case

(d)—Where, cartage and ferriage at above amounts aggregate more than six ($6.00) dollars on an Export shipment or nine ($9.00) dollars on a Domestic shipment such shipment (if not included in restricted articles as shown on pages 19 to 27) may be lightered at a rate of three (3) cents per 100 pounds, subject to a minimum charge of six ($6.00) dollars in addition to the New York rates, in lieu of cartage, when for Export, and at three (3) cents per 100 pounds, subject to a minimum charge of nine ($9.00) dollars, when for Domestic destination.

NOTE.—As an exception to the above, the drayage on shipments destined to domestic ports from Pennsylvania Railroad downtown Piers to the Clyde, Mallory, Maine, Morgan, Old Dominion, Savannah and Texas City Steamship Lines will be 4 cents per 100 pounds, minimum charge 25 cents, excepting on unusually heavy and bulky articles. (See page 16)

FIG. 9.—Continued

23.—Continued.

The following transfer charges will apply on the light and bulky or heavy articles specified below delivery to the Clyde, Mallory, Maine, Morgan, Old Dominion, Savannah and Texas City Steamship L

	IN CENTS	
	Rates per 100 Lbs.	Minimum Charge.
Heavy or bulky machinery, such as boilers, blowers, lathes, looms, cotton gins, etc., (not sewing machines or parts thereof, or machines or machinery; K. D., when compactly boxed or crated in packages of not unusual size or weight), stoves and parts thereof, heavy iron safes, heavy castings, heavy pieces of stone, loose chain, anchors, iron or wood tanks and vats, fire plugs, fountains, car wheels or axles, locomotive wheels, locomotive tires and frogs, and switches —also structural iron, rails, steel or iron bars and iron pipe over **22 feet in length** Plate steel or iron over 3 feet by 10 feet, coils of rope and reels of cable or wire, each weighing 2000 pounds or over	8	50
Furniture, step ladders, sash, doors and blinds, wire window or door screens, large and bulky packages of light weight, such as baskets not nested, wire sieves, bird cages, crockery in hogsheads, tierces or crates	8	
On shipments of 200 pounds and under		25
On shipments of over 200 pounds		50
Organs	8	50
Pianos	8	100
Vehicles, crated (except Automobiles)	15	75
Automobiles, actual weight	15	300
On other light and bulky or heavy articles not specified above, special rates will apply and can be obtained upon application, giving the weights and dimensions of the packages.		

(e)—**Cartage from Pennsylvania Railroad Station, at Jersey City, N. J.,** to steamship piers in Je City or Hoboken (see pages 47 and 48) will be performed subject to conditions and at rates per freight tariff, G. O. —I. C. C. No. 4028, and reissues thereof. (See Rule 3—14).

24.—Employment of Additional Equipment in Handling Heavy a Bulk Freight West-bound.

All west-bound traffic except the heavy and bulky articles as enumerated below and designate Rule 25 shall be handled by the Pennsylvania Railroad Company's own equipment.

The articles in bulk, which may be handled west-bound by outside equipment are as follows:

Brimstone or Sulphur, Spiegel Iron or Spiegel Eisen, Salt, Chrome Ore, Magnesite, Iron Ore, Pyrites, Old Iron or Steel Rails, Scrap Iron, Manganese Ore, Emery Ore or other Ores, Spent Oxide, C in lots of 50 tons or over to each consignee and destination, the allowance on such articles to be 42 cents ton (gross or net, as rated), for service of lightering only, or 60 cents per ton if lightering, shovel hoisting and trimming in car is done at expense of the lighter.

25.—East-bound and West-bound Allowances, to Outside Lighte for Lightering Heavy Articles.

The following are the maximum allowances per net or gross ton, as rated, to be made to out lighters for handling heavy articles weighing 3 tons or over, to apply on both east-bound and west-bo shipments; any balance of same shipment (pieces weighing less than 3 tons each) handled by outside lig at same time, shall be paid for at regular lighterage rate, not exceeding 3 cents per 100 pounds.

Pieces weighing up to 3 tons	$ .03	per 100 pounds.
" " over 3 tons and up to 20 tons	1.00	per ton.
" " " 20 " " " 30 "	1.25	" "
" " " 30 " " " 35 "	1.75	" "
" " " 35 " " " 40 "	2.50	" "
" " " 40 " " " 45 "	3.00	" "
" " " 45 " " " 50 "	3.50	" "
Minimum payment for any one delivery	20.00	

Shipments of heavy articles, any piece of which weighs more than 50 tons, will be subject to s allowances as may be arranged for with the Pennsylvania Railroad Company in each particular case.

Street Car Bodies or Street Cars, complete with trucks or motors, and empty Tank Cars, 3 cents per pounds, plus $15.00 per Street Car or Street Car Body, and empty Tank Car with a minimum of $80.00 and above the regular lighterage allowance of 3 cents per 100 pounds for any one delivery, in addition which extra towing charges beyond the free lighterage limits will be collected, when such service is p

41 miles. Seventy-five per cent of these wharves are under steel sheds built of modern and approved construction at a cost of $3,500,000, some of them equipped with telpherage and other improved apparatus for loading, unloading, and distributing cargo.

All factories or wholesale establishments at any point on the railroads entering the city are connected with the wharves by the public belt line, switching charges being $2 per car. Freight is loaded into the vessels, which are usually anchored alongside the sheds. Freight has hitherto been lightered alongside of vessels only in exceptional cases, though now it is reported that the Southern Pacific is making new arrangements which will promote cotton exports and which will involve extensive lighterage to ship's side. This will obviate the moving of vessels after each cargo.

The great extent to which the State owns the waterfront and wharves, together with the city ownership of the belt railroad, gives promise that New Orleans will have the most perfect terminal co-ordination in the United States. It is thought that public ownership of the dock facilities insures against discrimination in favor of any one railroad or steamship line or of the two combined. New steel sheds are being constructed as they are required by the increasing steamship services of the port, at least five new lines having recently arranged to make New Orleans a terminus or a port of call. At Port Chalmette (six miles below New Orleans), at Westwego (opposite New Orleans), and at Gretna and Algiers (four or five miles farther down the river) are important terminals of railway and coastwise steamer lines with wharves, some of which can accommodate four or five ocean steamers at a time.

Both imports and exports through the port of New Orleans have steadily increased for many years past. Imports especially have grown at a more rapid rate than those of New York, due, in part, to the well-organized lines of fruit steamers plying to and from the West Indies and Central America. The principal imports of New Orleans are coffee, bananas and other tropical fruits, and the largest exports are lumber, grain, cotton, rice, sugar, and molasses.

(c) The Port of San Francisco

The largest and most important harbor on the Pacific coast is San Francisco Bay. It has a shore line 100 miles in length and an area of 250 square miles, 24 square miles of which are in the immediate vicinity of San Francisco and used as an anchorage ground. The city of San Francisco, on the northern end of the peninsula separating the southern arm of the bay from the ocean, has a shore line about 10 miles in length, on which 11,400 feet of seawall have been constructed in water from 10 to 24 feet deep. The docks will accommodate at one time more than 220 vessels, allowing an average of 250 feet to each vessel. The best wharves are 140 feet in width with slips 220 feet wide and an average length of about 600 feet.

A large portion of the facilities of which the harbor of San Francisco boasts may be attributed to public ownership of the waterfront. It is said that this port has supported itself for more than fifty years without a dollar of appropriation from either local or State treasuries. During this time it has not only constructed

the port but has paid all running charges, the cost of labor and the cost of construction, to meet the great increase in commerce. Within the last three years $10,000,000 worth of bonds have been issued for the improvement of port facilities, $9,000,000 being for harbor improvements and $1,000,000 for sixty-three blocks of land to add to the port front.[7]

A nominal wharfage charge, uniformly 5 cents per ton for all classes, is made on merchandise. Vessels frequently pay this charge in lieu of dockage for the use of the wharves. The regular dockage rate ranges from 2 cents up to $2 a ton per day. Within the past two years the Harbor Commission has reduced rates 10 per cent to shippers.

As an adjunct to the docks the State owns and operates a belt railroad, which receives cars, by car ferries, from the railway terminals across the bay and distributes them among the freight houses, warehouses, and factories around the waterfront. A section serves the piers and there are several miles of private spurs owned by industrial and railroad companies. San Francisco's foreign trade shows a steady growth for the past twenty years. In 1913 exports increased 30 per cent over 1912; imports, however, showed only a small increase.

Just across from San Francisco, on the eastern shore of the bay, is the city of Oakland, the terminus of the trans-continental railways. The waterfront at Oakland has been controlled almost exclusively by private interests, chiefly by the railroads. The city is now making energetic efforts to acquire municipal control and to

[7] Address of J. W. Dwyer, President of the State Board of Harbor Commissioners, San Francisco, at the meeting of the National Association of Port Authorities, December 10, 1912.

develop certain portions of the waterfront, building new and necessarily longer piers from the shallow shore line to the deeper waters of the channel and making a bid for increased patronage by ocean steamships.

(d) Puget Sound Ports

Seattle, situated on the eastern shore of Puget Sound, has a harbor with an area of about 800 acres and a waterfront 6 miles in length. Owing to the depth of the water, vessels can anchor at few places in the bay. Railways (especially the Northern Pacific and the Great Northern or affiliated companies) occupy almost the entire length of the active waterfront, own a large proportion of the docks, wharves, and warehouses, and control a large share of the transportation agencies operating on Puget Sound and the neighboring waters of the Pacific Ocean.

As at Seattle, a large share of the city waterfront of Tacoma is owned by railroads (chiefly the Northern Pacific). The active harbor extends for a distance of about 4 miles, with an extensive system of wharves, warehouses, and good facilities for loading and discharging. A number of lesser ports are also included in the Puget Sound district, notably, Port Townsend, Olympia, Bellingham, Everett, and other cities. Pacific liners do a large export business from Puget Sound to the Orient, especially in lumber and flour. This traffic has practically doubled in ten years, while imports, although far below exports in value, have more than trebled. Ships frequently load partly at Seattle and partly at Tacoma.

5. Port and Terminal Charges

Port charges and direct or incidental terminal charges on vessels and water borne freight vary at different ports.

Local pilotage charges are frequently compulsory, and towage rates, wharfage, and stevedore charges follow no standard scale. Vessel owners usually pay pilotage and towage, harbor dues or harbor-master's fees, dockage, and quarantine charges; on the other hand, wharfage charges, that is, charges against the freight, are often included in the freight rate.

While some of the States exempt from taxation vessels engaged in the foreign trade, the Federal Government imposes a tonnage tax on vessels entering the ports of the United States from foreign ports, whether owned in America or abroad. A duty of 3 cents per ton at each entry, not to exceed in the aggregate 15 cents per ton in any one year, is now imposed on all vessels entered in any port of the United States from any foreign port or place in North America, Central America, the West Indies, the Bahama Islands, the Bermuda Islands, the coast of South America bordering on the Caribbean Sea, or Newfoundland. A duty of 6 cents per ton, not to exceed 30 cents per ton per annum, is imposed on all vessels entered from any other foreign ports, excepting, however, vessels in distress or not engaged in trade. No vessel belonging to any citizen of the United States trading between two ports within the United States or employed in the banks, whale, or other fisheries, is subject to tonnage taxation or duty, if licensed, registered, or enrolled. A duty of 50 cents per ton, designated as "light money," is also levied in exceptional cases on vessels not of the United States entering the ports of the United States.

Some of the States, particularly on the South Atlantic coast, make sailing vessels liable for pilotage charges even if a pilot is not employed. Some of the States, too,

for a consideration, issue annual licenses relieving the vessel from the necessity of taking a pilot.

Sailing vessels and barges are generally moved about harbors by tow boats while steamships very frequently employ the services of such boats in docking and undocking. Towage rates vary according to the class, tonnage, and draft of vessels, the distance towed, condition of weather, etc. The rate is usually fixed on the tonnage, net or gross, of the vessel towed or on her cargo-carrying capacity. At some ports a certain minimum schedule of rates is made by agreement among towing interests, while at others, rates are controlled by a single company and not infrequently are the result of "bargaining" between captains.

Although of minor importance, charges known as quarantine fees are sometimes made under the public health laws of a State for the fumigation of vessels and cargo or for sanitary inspection.

Harbor dues or harbor-master's fees are sometimes imposed to meet the expenses of the administration of port regulations providing for the safety and accommodation of vessels in the harbor or at the docks. Thus, at New Orleans, the Board of Port Authorities charges vessels of less than 100 tons $2.50, vessels of from 100 to 500 tons $5.00, and vessels of 500 tons and over certain other rates fixed by statute. Vessels using sheds provided by the Commission pay an additional charge of one-half cent per net register ton per 24 hours, and dockage rates are 2 cents per ton per day for the first three days and 1 cent per ton per day for the next three days.

The charges for wharf and dock facilities show little uniformity, whether publicly or privately fixed. For the

most part the rates are determined by agreement, charges by the trip usually being based on the size of the vessel, the frequency of its trips, the length of time for which the wharf is used, the volume of freight handled, and other considerations.

The principal port terminal charges on freight are charges for landing facilities, loading and unloading charges, incidental transfer expenses such as lighterage, cartage, storage, or warehousing, and sometimes demurrage when vessels are not loaded or unloaded within a certain time. While on package freight the port or terminal charges are sometimes paid by shippers or consignees as a separate item, they are more generally absorbed by the water carrier or connecting rail line or included in the freight rate.

The charges for transshipping cargoes are mainly for labor and for the use of mechanical appliances, varying according to the freight, the manner of handling, and the scale of wages. The expense of handling package freight is usually borne by the navigation companies; in bulk cargoes, either by vessel owners or shippers, as agreed. Proper stowage and expeditious handling require a considerable degree of skill and are more generally done by the crew of a vessel, although special stevedores are sometimes engaged by shippers or by shipowners, as may be agreed.

Handling charges on grain are known as elevator charges and include receiving, storage, weighing, screening, blowing, mixing, delivery to cars or vessels, and other incidental charges which amount to from one-half to seven-eighths of a cent or more per bushel. A trimming charge for distributing the coal in a boat so that the load will not shift and so that the weight will be

properly distributed, must sometimes be paid on shipments of coal. This charge is 3 cents a ton on barges at New York and 7 cents a ton on schooners at Norfolk.

TEST QUESTIONS

1. Mention some of the harbor improvements which have been undertaken by the national government.
2. What is meant by a "harbor trust" as used in Great Britain?
3. Why is the control of terminal facilities so important?
4. How does ownership of terminal facilities in this country compare with ownership in European countries? What is the reason for the difference?
5. What services are included in terminal facilities?
6. What two important problems, according to Mr. Hough, do our ports face today?
7. What are the chief types of freight-handling machinery used in loading and unloading vessels?
8. Name the most important seaports of the United States.
9. What is meant by "ports of entry"?
10. What are some of the causes for congestion of traffic at the port of New York?
11. What is meant by a lighter? Explain the meaning and use of the term "lighterage free."
12. Explain the Bush Terminal.
13. Explain the free-storage privileges, on goods intended for export, granted by the trunk lines from the East and by the New England lines at the port of New York.
14. Explain the main features of the port of New Orleans.
15. What terminal advantages are claimed for New Orleans.
16. Explain the harbor facilities of San Francisco.
17. What is the significance of the city of Oakland in connection with the port of San Francisco?
18. What is the nature of the harbor facilities of most of the Puget Sound ports?
19. What port charges are usually paid by a vessel and what charges are included in the freight rate?
20. Explain tonnage taxes as applied to vessels.
21. How are towage charges handled?
22. What is meant by a trimming charge?
23. What is a stevedore?

FREIGHT RATES
SOUTHERN TERRITORY

ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

ADDISON R. SMITH
Third Vice-President
Louisville & Nashville Railroad

PART 4

MISSISSIPPI VALLEY TERRITORY
KENTUCKY-TENNESSEE TERRITORY
LONG-AND-SHORT-HAUL CLAUSE

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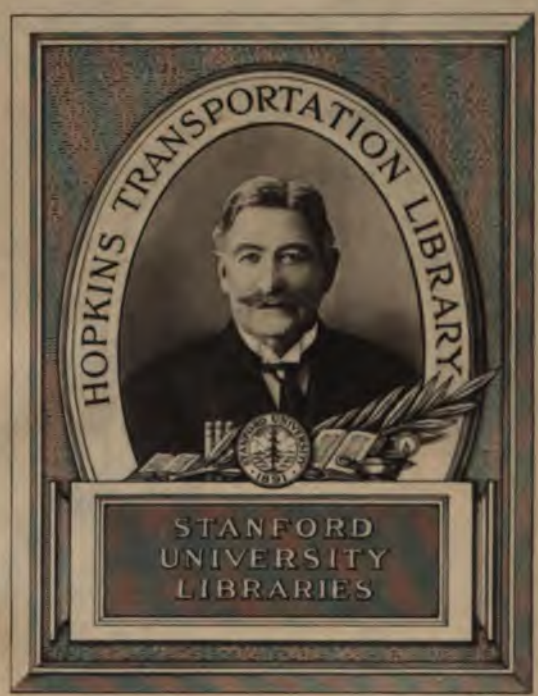

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Joel V. Berreman, Esq.

FREIGHT RATES
SOUTHERN TERRITORY

ADDISON R. SMITH
Third Vice-President
Louisville & Nashville Railroad

PART 4
MISSISSIPPI VALLEY TERRITORY
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LONG-AND-SHORT-HAUL CLAUSE

LASALLE EXTENSION UNIVERSITY
CHICAGO
1922

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CHAPTER XIV

MISSISSIPPI VALLEY RATE TERRITORY

1. Construction of Rates to New Orleans

The adjustment to be considered here will be that used in establishing rates to Mississippi Valley Territory, which is outlined on Map 5 of the Atlas of Traffic Maps. This map, as well as the description thereon, should be referred to in order that the boundaries of this territory and the points embraced therein may be definitely fixed.

For the purpose of this work it seems well to subdivide the points located in this territory as follows: (1) Points on the Mississippi River and the Gulf of Mexico; (2) Mississippi and Tennessee junction points; and (3) local points.

2. Development of Water Competition

The part that water competition has played in the development of the rate structures in the South is brought out very strongly by the Interstate Commerce Commission in its various investigations. While it is true that traffic on the Mississippi River has dwindled to a very small amount and that the water competition from this source may be considered as potential, yet a very aggressive competition is established by the Morgan and the Mallory lines, serving the ports of New York, New Orleans, and Mobile. The southbound ton-

nage from Seaboard Territory of the Morgan Line for the first eleven months of the calendar year for 1911 aggregated 246,000 tons and during the same period the deliveries of the Mobile & Ohio Railroad and Louisville & Nashville Railroad were but 577 tons. From this, it would seem that, considering the competition of markets and the volume of traffic involved, the rates from New York to New Orleans and Mobile must be considered as a controlling factor in this adjustment. All points located adjacent to the seaboard have the advantage of location over such markets as St. Louis, Chicago, Cincinnati, and other points located on inland waterways. This is due to the fact that the cost of operation on the high seas is considerably less than that for inland river navigation, owing to the greater size of the vessels and the consequently larger cargoes that may be carried, and the absence of currents and of shoal water.

3. Eastern Cities Adjustment

(a) *All-Water Rates from New York, N. Y.*

The uninsured all-water rates from New York City to New Orleans, are made by the Morgan Line Steamers as follows, subject to the Official Classification:

Classes	1	2	3	4	5	6
Rates	70	60	50	40	35	30

These rates are also applied from the other North Atlantic cities, namely, Boston, Philadelphia, and Baltimore. Via the Morgan Line there is also a system of through rates from interior eastern territory, including the Potomac Gateways. This system is to apply the port, proper, rate from the interior point, provided the

charge of the rail or the boat line up to the port added to the transfer cost to shipside does not exceed the maximum figure which the steamship line is willing to absorb. Any excess over the maximum absorption is added to the through rate.

(*b*) *Rail-and-Water Rates from New York, N. Y.*

The insured water-and-rail rates to New Orleans from the eastern seaboard cities and points taking the same rates, via the Atlantic Ports south of Baltimore, are made the following differentials greater than the corresponding all-water rates:

Classes	1	2	3	4	5	6
Differentials	25	20	15	10	8	6

From interior eastern points the rates via the South Atlantic Ports are made the same as the rates from Boston, New York, Philadelphia, or Baltimore, as the case may be, depending somewhat upon the amounts of the charges to shipside which are required to be absorbed by the vessel lines south of the ports of transshipment. Here the situation is as described concerning the corresponding rates via the Morgan Line.

(*c*) *All-Rail Rates from New York, N. Y.*

The all-rail rates from New York are as follows, subject to the Official Classification:

Classes	1	2	3	4	5	6
Rates	118	98	78	61	50	44

While not made on a definite relationship to the all-water rates, they are substantially, inasmuch as the latter, as at present fixed upon, were made with the

all-rail competition definitely established. It is of interest, in passing, to observe that from the North Atlantic cities and contiguous shipping points the greater volume of the traffic to New Orleans is controlled by the all-water route, only the heavy or bulky freight moving via the all-rail routes.

(*d*) *From Boston, Mass., Philadelphia, Pa., and Baltimore, Md.*

The rates from Boston, Baltimore, and Philadelphia, as well as from interior eastern territory, are made with relation to the rates from New York under the Trunk Line adjustment.

(*e*) *From Virginia Cities*

The all-rail rates from the Virginia Cities are the same as the water-and-rail rates from Baltimore.

To Mobile, Ala., the uninsured all-water rates from New York are the following differentials higher than the corresponding rates to New Orleans:

Classes	1	2	3	4	5	6
Differentials	5	5	4	4	3	3

Consequently, these differences are carried out in the water-and-rail and the all-rail rates.

(*f*) *From Eastern Points to Mississippi River Points*

The rates from eastern territory to Helena, Ark., Greenville, Gulfport, Natchez, and Vicksburg, Miss., are in line with the following rates from New York:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
All-rail rates	118	98	78	61	50	44	44	44	44	44	50	61	88
Water-and-rail rates	104	95	78	61	50	44	40	49	41	40	59	60	80

It will be observed that the all-rail rates are the same as those to New Orleans, assimilated, however, to the Southern Classification. The all-rail and the water-and-rail rates to Baton Rouge and Bayou Sara, La., are the same as the all-rail rates to Vicksburg.

The Morgan Line carries via New Orleans uninsured rates which are a maximum of the following differentials less than the rates via the South Atlantic Ports to Baton Rouge and Bayou Sara, La., and Natchez and Vicksburg, Miss.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	18	14	11	8	6	4	4	4	4	4	6	8	8

(*g*) *From Tennessee Junction Points*

Rates from junction points in west Tennessee and interior Mississippi Valley Territory to the lower Mississippi River points and Mobile are generally made the same as in the reverse direction; from local points in the same territories the rates are made on the respective local bases of the several direct lines, but not exceeding the lowest combination. From local points in central and east Tennessee, in Kentucky, and in Southeastern Territory, the normal basis is the lowest combination, except where the local scale of any direct line makes less. However, in the case of some of the manufactured commodities and the like, there are rates from these local points which are the same or slightly higher than the rates from some near common or junction point.

(*h*) *From Carolina Territory*

From Carolina Territory there are numerous rates which do not exceed the corresponding rates from the

Virginia Cities; otherwise, the lowest combination applies.

4. Class Rates

The rates from St. Louis and Louisville to New Orleans which have been fixed by river competition are used as the basis for determining the rates from points in Central Freight Association and Western Trunk Line territories to these points, and are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	90	75	65	50	40	35	25	38	25	20	28	57	45

As a general proposition, the rates from St. Louis to New Orleans and points taking the same rates were fixed, primarily, to meet water competition. To the rates of the Anchor Line of steamboats and barges (a concern in operation on the Mississippi River for many years, but now defunct), certain insurance differentials were added, the resultant figures being adopted as the corresponding all-rail rates. There have been variations from this basic principle, in that the all-water rates from New York and other eastern cities to New Orleans are reflected in the adjustment from St. Louis, Chicago, and other western points to New Orleans and Mobile. It has been the policy of one of the principal lines serving New Orleans to make the same rates, or only slightly higher ones, from Chicago on some of the highly competitive commodities manufactured or produced both in the West and in the East as from New York. This ocean competition has necessarily caused the rates to Baton Rouge, Vicksburg, and other points customarily taking New Orleans rates to be reduced. Rates corresponding with those thus made from Chicago

were fixed from St. Louis on the customary differential basis.

Again, a few of the commodity adjustments from the Central West have been due to other than water-competitive conditions. The southern lines are not in control of the traffic between the upper Mississippi River points and other border points on the one hand and the lower Mississippi River points on the other hand, as the western lines (that is, those operating through Missouri, Arkansas, and Louisiana) actively compete between St. Louis, Chicago, St. Paul, Dubuque, etc., on the one hand and Memphis, Vicksburg, New Orleans, etc., on the other hand. On numerous occasions these lines have fixed commodity rates which are reflected in the rates of the southern lines from St. Louis and points east thereof.

Points of origin in the state of Illinois and in Central Freight Association Territory, etc., are grouped into sub-territories or sections; each of these groups is given the name of a prominent point within it and includes all points of origin, whether competitive or non-competitive. The joint working arrangements between the southern and the northern lines interested provide that the rates made on the differential relationship described in Table 53 shall be the minimum rates, it being left with the initial lines to determine whether they wish to make rates quite so low as the basis may permit. From points in Central Freight Association Territory particularly, the initial lines have not found it necessary to establish such an extensive list of commodity rates as that applied from St. Louis and the Ohio River.

CHAPTER XV

MISSISSIPPI VALLEY RATE TERRITORY—Continued

1. Application of Class Rates

(a) *From Ohio River Points and Related Territory*

In Table 53 are given the differentials (over and under the St. Louis-Louisville-New Orleans rates) which are applicable from groups located on or adjacent to the Ohio River and from groups in Western Trunk Line Territory and which are used in the construction of rates to New Orleans.

TABLE 53

Differentials Applicable from Groups Located on or Related to the Ohio River

From Groups	Differentials Over or Under the St. Louis-New Orleans or Louisville-New Orleans Rates Except as Noted												
	Differentials in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Cairo (under)	15	12	10	8	7	6	4	6	5	5	5	10	10
Nashville (under)	15	12	10	8	7	6	4	6	5	5	5	10	10
Evansville (under)	3	3	3	2	2	2	2	2	2½	2	2	3	5
Cincinnati (over)[3]	8	8	8	4	4	4	3	3	2	2	3	4	4
Indianapolis (over)	8	8	8	4	4	4	3	2	2	2	3	4	4
Springfield (over)	8	8	8	4	4	4	3	4	2	2	3	4	4
Peoria (over)	14	11	9	6	5	5	4	4	3	3	4	6	6
Chicago (over)	20	15	10	8	7	6	6	6	6	6	5	8	12
Milwaukee (over)	26	20	14	11	9	8	8	8	8	8	7	11	16
Kentucky[4]	12	10	8	6	4	3	3	3	3	3	4	6	6

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]Not greater per mile than from Louisville.
[4]Over Indianapolis group.

Taking the St. Louis rates as the basis and adding to or deducting from them the differentials shown in Table 53, through rates are produced.

Table 54 sets forth the current class rates from some of the various groups not only to New Orleans, La., but to Memphis, Tenn., as well. The Memphis adjustment, however, while hinged upon the adjustment to New Orleans will be taken up later.

As an illustration, assume that you wish to ascertain the rates from the Evansville group to New Orleans. The following shows how these rates are constructed.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
From St. Louis to New Orleans	90	75	65	50	40	35	25	38	25	20	28	57	45
Evansville differentials	3	3	3	2	2	2	2	2	2½	2	2	3	5
Through rates	87	72	62	48	38	33	23	36	22½	18	26	54	40

In the application of the differentials above stated, Central Freight Association Territory and part of Western Trunk Line Territory are divided into groups corresponding to those shown in Table 53. The following description of these groups will be found to be of much assistance in computing the rates from the territories.

Group 1.—St. Louis and Louisville rates apply from East St. Louis and Alton, Ill., and from points between Alton and East St. Louis on direct lines; Carondelet, Mo., Belleville and Venice, Ill., Jeffersonville and New Albany, Ind., and from the territory in the state of Illinois on and south of the line from East St. Louis, through Odin, Flora, and Olney, Ill., to the Indiana state line and such other points as may be otherwise provided for.

Group 2.—Cairo, Ill., rates apply from Belmont, Mo., Mound City, Ill., Paducah, Columbus, and Hickman, Ky., and such other points as may be otherwise provided for.

TABLE 54

CURRENT CLASS RATES[1] APPLICABLE FROM SPECIFIED GROUPS TO NEW ORLEANS, LA., AND MEMPHIS, TENN.

From Groups	To	Rates in Cents per 100 Pounds												
		Classes[2]												
		1	2	3	4	5	6	A	B	C	D[3]	E	H	F[4]
Evansville[5]	Memphis, Tenn.	62	47	42	33	28	23	13	24	12½	10	18	39	25
	New Orleans, La.	87	72	62	48	38	33	23	36	22½	18	26	54	40
Vincennes	Memphis, Tenn.	65	50	45	35	30	25	15	26	15	12	20	42	30
	New Orleans, La.	90	75	65	50	40	35	25	38	25	20	28	57	45
Indianapolis	Memphis, Tenn.	75	60	55	40	35	30	20	31	20	17	24	49	40
	New Orleans, La.	98	83	73	54	44	39	28	42	27	22	31	61	49
Ft. Wayne-Columbus	Memphis, Tenn.	85	65	55	43	37	31	21	32	21	18	25	50	42
	New Orleans, La.	110	90	75	58	47	41	31	44	31	26	33	65	57
Detroit-Toledo	Memphis, Tenn.	91	70	59	46	39	33	23	34	23	20	27	53	46
	New Orleans, La.	116	95	79	61	49	43	33	46	33	28	35	68	61
Buffalo-Pittsburgh	Memphis, Tenn.	91	70	59	46	39	33	23	34	23	20	27	53	46
	New Orleans, La.	116	95	79	61	49	43	33	46	33	28	35	68	61
Howard City	Memphis, Tenn.	96	74	62½	48½	40½	34	24	35	24	21	28	54	48
	New Orleans, La.	121	99	82½	63½	50½	44	34	47	34	29	36	69	63
Owendale	Memphis, Tenn.	97	75	63	49	41	35	25	36	25	22	29	55	50
	New Orleans, La.	122	100	83	64	51	45	35	48	35	30	37	70	65
Clare	Memphis, Tenn.	100	78	66	51	43	35½	25½	36½	25½	22½	29½	55½	51
	New Orleans, La.	125	103	86	66	53	45½	35½	48½	35½	30½	37½	70½	66
Cadillac	Memphis, Tenn.	102	79	66	51	43	36	26	37	26	23	30	56	52
	New Orleans, La.	127	104	86	66	53	46	36	49	36	31	38	71	67
Traverse City	Memphis, Tenn.	108½	85	70½	54	45	38	28	39	28	25	32	58	56
	New Orleans, La.	133½	110	90½	69	55	48	38	51	38	33	40	73	71
Cheboygan	Memphis, Tenn.	111	87	73	56	47	39	29	40	29	26	33	59	58
	New Orleans, La.	136	112	93	71	57	49	39	52	39	34	41	74	73
Manistique[5]	Memphis, Tenn.	88	67½	57	44½	38	32	22	33	22	19	26	51	44
	New Orleans, La.	113	92½	77	59½	48	42	32	45	32	27	34	66	59
Kentucky	Memphis, Tenn.	87	70	63	46	39	33	23	34	23	20	28	55	46
	New Orleans, La.	110	93	81	60	48	42	31	45	30	25	35	67	55

[1]Wherever a carload (or less-than-carload) commodity rate is established, it removes the application of the class rate to and from the same points on that commodity, in carload quantities (or less-than-carload quantities, as the case may be).

[2]Governed by the Southern Classification.

[3]Class-D rates do not apply on shipments of hay, carloads. Combination of locals applies.

[4]Per barrel.

[5]Rates shown herein do not apply from Evansville, Ind., proper. For rates refer to Agent M. P. Washburn's I. C. C. No. 86, supplements [illegible] and [illegible] thereof.

[illegible]

Group 3.—Nashville, Tenn., rates apply from such other points as may be otherwise provided for.

Group 4.—Evansville, Ind., rates apply from Henderson, Ky., Owensboro, Ky., and such other points as may be otherwise provided for.

Group 5.—Cincinnati rates apply from Arlington Heights, Ohio, Aurora, Ind., Carthage, Ohio, Covington, Ky., Delhi, East Norwood, Edgemont, Elmwood Place, Hartwell, Ivorydale, and Ivorydale Junction, Ohio, Lawrenceburg, Ind., Lockland and Longview, Ohio, Lexington, Ky., Maplewood (Hamilton Co.), North Bend, and Steelton, Ohio, Newport, Ky., and such other points as may be otherwise provided for.

Group 6.—Indianapolis rates apply from Maysville, Ky., and from such other points as may be otherwise provided for. Indianapolis rates also apply from Ashland, Ky., and Ironton and Portsmouth, Ohio, except that on iron articles, including nails, but not including iron and steel rails, the rates are the same as from Cincinnati, Ohio.

Group 7.—Springfield rates apply from points in the following territory: Commencing at Springfield, Ill., thence on and south of the line of the Illinois Central Railroad, through Clinton, Ill., to and including Decatur, Ill.; thence on and south of the line of the Chicago, Indiana & Western Railway, through Tuscola and Chrisman, Ill., to the Indiana-Illinois State Line; thence west of the Indiana-Illinois State Line to the line of the Baltimore & Ohio Southwestern Railroad; thence north of the line of the Baltimore & Ohio Southwestern Railroad, via Olney, Flora, and Odin, Ill., to but not including East St. Louis, Ill.; thence on and east of the line of the St. Louis, Keokuk & Northwestern Railroad to and including Hannibal, Mo.; and thence on and south of

the line of the Wabash Railroad, through Chapin, to Springfield, Ill., inclusive.

Group 8.—Peoria rates apply from points in the following territory: Commencing at Peoria, Ill., thence on and south of the line of the Chicago, Burlington & Quincy Railroad to and including Burlington, Iowa; thence south of the line of the St. Louis, Keokuk & Northwestern Railroad to but not including Hannibal, Mo.; thence north of the line of the Wabash Railroad to Springfield, Ill.; thence north of the line of the Illinois Central Railroad, via Clinton, to but not including Decatur, Ill.; thence north of the line of the Chicago, Indiana & Western Railway to the Indiana-Illinois State Line; thence west of the Indiana-Illinois State Line to the line of the Toledo, Peoria & Western Railway; and thence on and south of the line of the Toledo, Peoria & Western Railway to Peoria, Ill., inclusive.

Group 9.—Chicago rates apply from points in the following territory: Commencing at Chicago, thence via the west bank of Lake Michigan to the Indiana-Illinois State Line; thence west of the Indiana-Illinois State Line to the line of the Toledo, Peoria & Western Railway; thence north of the line of the Toledo, Peoria & Western Railway to but not including Peoria, Ill.; thence north of the line of the Chicago, Burlington & Quincy Railroad to a point just north of Burlington, Iowa; thence via the west bank of the Mississippi River, through Clinton, Lyons, and Sabula, Iowa, to and including Savanna, Ill.; thence on and south of the line of the Chicago, Milwaukee & St. Paul Railway to and including Freeport, Ill.; thence on and south of the line of the Chicago & North Western Railway, through Rockford and Belvidere, Ill., to Elgin, Ill., including Dundee, Elgin, Carpentersville, and Algonquin, Ill.; and thence

on and south of the Chicago, Milwaukee & St. Paul Railway to Chicago, inclusive.

Group 10.—Milwaukee rates apply from points in the following territory: Commencing at Milwaukee, Wis., thence on and south of the line of the Chicago, Milwaukee & St. Paul Railway, through Brookfield Junction, Wis., to and including Waukesha, Wis.; thence on and east of the line of the Wisconsin Central Railway to and including Leighton, Ill.; thence on and east of the line of the Elgin, Joliet & Eastern Railway to but not including Spaulding, Ill.; thence north of the line of the Chicago, Milwaukee & St. Paul Railway to Chicago; and thence via the west bank of Lake Michigan to Milwaukee, inclusive; also from points on the line of the Illinois Central Railroad from Dubuque to but not including Freeport, Ill., and north of Freeport to Dodgeville and Madison, Wis., inclusive.

(*b*) *Grouping of Central Freight Association Territory*

Rates from other points in Central Freight Association Territory are made with relation to the rates established under the basis set forth in the preceding pages. In the following description of the groups is given the basis for the construction of the rates.

Group A: Indianapolis Territory.—Indianapolis territory is described as follows: From points on and south of the Cincinnati, Hamilton & Dayton Railway, beginning at a point on the Illinois-Indiana State Line, to and including Indianapolis, Ind.; thence east via the Pittsburgh, Cincinnati, Chicago & St. Louis Railway, through New Paris, Ohio, to Dayton, Ohio; thence via the Cleveland, Cincinnati, Chicago & St. Louis Railway to Springfield; thence via the Detroit, Toledo & Ironton Railway to Washington Court House; thence

via the Cincinnati, Hamilton & Dayton Railway to Mussellman's; thence via the Cincinnati, Hamilton & Dayton Railway to and including Ironton and Portsmouth, Ohio, Ashland, Ky., (with exception named below) and Wellston, Ohio; thence via the north bank of the Ohio River (not including Cincinnati and Jeffersonville) to a point just north of New Albany; thence on the line of the Chicago, Indianapolis & Louisville Railway to its junction with the Baltimore & Ohio Southwestern Railroad at Mitchell, Ind.; thence via the Baltimore & Ohio Southwestern Railroad to but not including Vincennes; and thence north via the Indiana-Illinois State Line to the point of beginning.

Exceptions.—From Arlington Heights, Ohio, Aurora, Ind., Carthage, Cincinnati, Delhi, East Norwood, Edgemont, Elmwood Place, Hartwell, Ivorydale, and Ivorydale Junction, Ohio, Jeffersonville and Lawrenceburg, Ind., Lockland, Longview, Maplewood (Hamilton Co.), North Bend, and Steelton, Ohio, the Cincinnati, Ohio, rates apply, except from Jeffersonville, Ind., from which St. Louis-Louisville rates apply.

The rates from the Indianapolis group apply from the following points:

Chesapeake & Ohio Railway:

Stations between Kenova, W. Va., and Fort Thomas, Ky. (except Ashland, Ky., and Ironton and Portsmouth, Ohio, on iron articles, including nails, but not including iron or steel rails).

Through rates from Group A are the same as from Indianapolis, Ind.

Group B: Fort Wayne-Columbus Territory.—Fort Wayne-Columbus territory is described as follows: From points north of the boundary line of Group A, east of the Illinois-Indiana State Line, south of Lake Michigan and the Michigan state line, to its intersection

with the Indiana-Ohio state line (but not including points on and south of the Michigan Central Railroad from New Buffalo to South Bend via Niles); thence via that line to where it is crossed by the Baltimore & Ohio Railroad; thence south of the line of the Baltimore & Ohio Railroad and east through Defiance and Deshler; thence south of the line of the Cincinnati, Hamilton & Dayton Railway to Findlay; thence south of the line of the Cleveland, Cincinnati, Chicago & St. Louis Railway to Carey; thence south of the Northern Ohio Railway to Sycamore; thence south of the line of the Toledo & Ohio Central Railway to Bucyrus; thence south of the line of the Pittsburgh, Fort Wayne & Chicago Railway to Mansfield; thence west of the line of the Baltimore & Ohio Railroad, through Mt. Vernon, Newark, Junction City, and Glouster; thence west of the Kanawha & Michigan Railway to and including Athens; and thence via an imaginary line to a point on the north bank of the Ohio River just east of Pomeroy, following the north bank of the Ohio River to the point of intersection with Group 1.

Through rates from Group B are the same as from Chicago, Ill.

Group C: Vincennes Territory.—Except as hereinafter named, Vincennes territory is described as follows: Beginning at Vincennes, Ind., thence south of the line of the Baltimore & Ohio Southwestern Railroad to but not including Mitchell, Ind.; thence south of the Chicago, Indianapolis & Louisville Railway to New Albany, Ind.; thence west of and including the main line of the Southern Railway to the Indiana-Illinois State Line (including points on the branches of the Southern Railway from Jasper to but not including Evansville, Ind., Lincoln City to Rockport, Ind., inclusive, and from

Lincoln City to Cannelton, inclusive); and thence via that line to the point of beginning.

This description does not include stations in Indiana on and south of the line of the Southern Railway from Mt. Carmel to Louisville, through New Albany, Ind., and points located on the Evansville & Terre Haute Railroad at and south of its intersection with the St. Louis Division of the Southern Railway. The Southern Railway has also announced its purpose to establish from Oakland City and Princeton, Ind., to Memphis, New Orleans, and group, etc., the St. Louis basis of rates, including all commodities, except that from Princeton, Ind., to the same points on articles and on Classes C, D, and F, it will continue the use of the Evansville rates. From all local points on the St. Louis Division of the Southern Railway east of Mt. Carmel, the Southern Railway will employ the St. Louis basis of rates. The Evansville & Terre Haute Railroad has announced that it will hold from its junction with the Southern Railway the same rates as those published by the Southern Railway, and from stations south thereof the present basis of rates will obtain.

Through rates from Group C are the same as from the St. Louis-Louisville group.

Group D: Evansville Territory.—Evansville territory is described as follows: East of the Illinois-Indiana State Line, south and west of the boundaries of Group C and on the north bank of the Ohio River, except as provided for in Group C.

Through rates from Group D are the same as from Evansville, Ind.

Group E: Detroit-Toledo Territory.—Detroit-Toledo territory is described as follows: North of the northern boundary line of Group B, east of Lake Michigan and following the eastern boundary of the lake to and includ-

ing Montague; thence beginning at Muskegon, following the line of the Toledo, Saginaw & Muskegon Railway to Sheridan; thence north and east along the line of the Detroit, Grand Rapids & Western Railroad via Edmore to Saginaw; thence north to and including Bay City and West Bay City; thence via the Michigan Central Railroad to Vassar (including Caro); thence via the Flint & Pere Marquette Railway to Port Huron; thence via the eastern boundary of Michigan to its intersection with the northern boundary of Ohio; thence south of Lake Erie to but not including Sandusky; thence west of a line drawn from Sandusky west of the Baltimore & Ohio Railroad, through Chicago Junction, to Mansfield.

Through rates from Group E are the same as from Milwaukee, Wis.

Group F: Buffalo-Pittsburgh Territory.—Buffalo-Pittsburgh territory is described as follows: Beginning at Sarnia, Ont., thence via Kings Court Junction to London, Ont.; thence via the main line of the Grand Trunk Railway System to Suspension Bridge, Can.; thence via Suspension Bridge, N. Y., LaSalle, Tonawanda, Black Rock, International Junction, and East Buffalo to Buffalo, N. Y.; thence south of the line of the Buffalo, Rochester & Pittsburgh Railway from Buffalo to Bradford (not including Bradford); thence south of the Buffalo & Allegheny Division of the Pennsylvania Railroad from Bradford to Morrison (not including Bradford or Morrison); thence on and south of the Buffalo & Allegheny Division of the Pennsylvania Railroad to Pittsburgh; thence via the Baltimore & Ohio Railroad to Wheeling, W. Va.; thence via both banks of the Ohio River to the intersection with the boundary of Group B; thence east of the boundary line of Group B to and including Mansfield, Ohio; and thence east of

the eastern boundary of Group E to Sandusky, Ohio, including Sandusky.

The rates from the Buffalo-Pittsburgh group apply from the following points:

Baltimore & Ohio Railroad:

Stations on Pittsburgh Division east of Glenwood to Jacob's Creek, latter inclusive.

Chesapeake & Ohio Railway:

Stations between Kanawha, W. Va., and Ceredo, W. Va., inclusive.

Pennsylvania Railroad:

Stations on Buffalo & Allegheny Valley Division, Buffalo to and including Ebenezer, Pa.

Stations on main line, Homewood to Latrobe, Pa., inclusive.

Stations on West Pennsylvania Division north of Allegheny Valley Railway Junction to Edri, Pa., latter inclusive.

Stations on Southwest Pennsylvania Railway, East Greensburg to New Stanton, Pa., both inclusive.

Stations on Radebaugh Branch.

Stations on Turtle Creek Valley Railroad.

Stations on Monongahela Division east of Ormsby to Belle Vernon, Pa., latter inclusive.

Stations on McKeesport & Bessemer Railroad.

Pittsburgh & Lake Erie Railroad:

Stations on Youghiogheny Division, Beck's Run to Whitsett Junction, Pa., both inclusive.

Stations on Mononghela Division, Reynoldton to Belle Vernon, Pa., both inclusive.

Ohio Central Lines:

Stations Point Pleasant to Charleston, W. Va., inclusive.

Through rates from Group F are the same as from Milwaukee, Wis.

Table 55 gives the differentials to be used in connection with the rates set forth in the preceding pages in establishing rates from certain other groups in Northern Michigan in Central Freight Association Territory.

TABLE 55

DIFFERENTIALS FROM NORTHERN MICHIGAN

From Groups	Differentials Over the Detroit-Toledo Groups Except as Noted												
	Differentials in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Howard City	5	4	3½	2½	1½	1	1	1	1	1	1	1	2
Owendale	6	5	4	3	2	2	2	2	2	2	2	2	4
Clare	9	8	7	5	4	2½	2½	2½	2½	2½	2½	2½	5
Cadillac	11	9	7	5	4	3	3	3	3	3	3	3	6
Traverse City	17½	15	11½	8	6	5	5	5	5	5	5	5	10
Cheboygan	20	17	14	10	8	6	6	6	6	6	6	6	12
Manistique[3]	3	2½	2	1½	1	1	1	1	1	1	1	1	2

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]Over Ft. Wayne-Columbus group; applicable only on traffic destined beyond.

CHAPTER XVI

MISSISSIPPI VALLEY RATE TERRITORY—Continued

1. Adjustment from Points in Southern Territory to New Orleans, La.

From Chattanooga, Tenn.—The rates are not less than the rates from Nashville, Tenn.

From Atlanta, Ga.—Specific rates on the classes are made, which are not less in any case than the rates from Chattanooga. The commodity rates are the same as those from Chattanooga.

From Augusta, Ga.—The rates are made the following differentials over the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	3	3	3	2	2	2	2	2	2	2	2	2	4

From Macon, Ga.—The rates are made the same as those from Atlanta.

From Savannah, Ga., and points taking the same rates.—The rates are made the following differentials less than the rates from the Virginia Cities:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	8	7	6	5	4	4	2	3	3	2	4	5	4

The commodity rates are made 2 cents less than the rates from the Virginia Cities.

From Birmingham, Ala.—The rates are made the following differentials less than the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	5	4	4	3	3	2	2	2	2	2	2	4

The commodity rates are made 2 cents less than the rates from Chattanooga.

From Montgomery and Selma, Ala.—The rates are made the same as those from Birmingham, except that to Mobile the rates are made to meet the competition on the Alabama River.

From Decatur, Florence, Sheffield, and Huntsville, Ala.—The rates are made the same as those from Nashville.

Other common points in the southeast are given rates in relation to those at Atlanta, Macon, Chattanooga, etc., as above described. From non-competitive points in the southeast, the rates are generally made on the lowest combination, but not in excess of the mileage scales of a continuous line between the point of origin and destination. Again, there are exceptions in the rates on commodities manufactured or produced at local points in competition with those having more favorable transportation facilities, which are given competitive rates, usually the same as the corresponding ones from some adjacent common point.

2. Commodity Rates

(*a*) *From Ohio River Points and Related Territory*

While the commodity rates from the St. Louis-Louisville group to New Orleans were established on the same basis as the class rates, that is, with relation to water competition, the commodity rates from other points have been worked out on a different basis.

The scale for computing commodity rates, shown in Table 56, together with explanatory notes, will explain the method of arriving at commodity rates. The numbers at the top of the table refer to the groups listed below the table.

TABLE 56

Basis for Construction of Commodity Rates to New Orleans, La.

Groups									
1	2	3	4	5	6	7	8	9	10
7	..	..	5	8	..	9	10	13	15
8	..	..	6	9	10	10	11	14	16
9	..	..	7	10	11	11	12	15	17
10	5	5	8	11	12	12	13	16	18
11	6	6	9	12	13	13	14	17	19
12	7	7	10	13	14	14	15	18	20
13	8	8	11	14	15	15	16	19	21
14	9	9	12	15	16	16	17	20	22
..	..	..	..	16	..	..	..	..	..
15	10	10	13	17	17	17	18	21	23
16	11	11	14	18	18	18	19	22	24
17	12	12	15	19	19	19	20	23	25
18	13	13	16	20	20	20	21	24	26
19	14	14	17	21	21	21	22	25	27
20	15	15	18	22	22	22	23	26	28
21	16	16	19	23	23	23	24	27	29
22	17	17	20	24	24	24	25	28	30
23	18	18	21	25	25	25	26	29	31
24	19	19	22	26	26	26	27	30	32
..	..	..	..	..	..	27	28	..	.
25	20	20	23	27	27	28	29	..	..
26	21	21	24	28	28	29	30	31	33
27	22	22	25	29	29	30	31	32	34
..	..	..	..	30	30	..	..	..	..
28	23	23	26	31	31	31	32	33	35

Group 1.—St. Louis-Louisville.
Group 2.—Cairo, Ill.
Group 3.—Nashville, Tenn.
Group 4.—Evansville, Ind.
Group 5.—Cincinnati, Ohio.
Group 6.—Indianapolis, Ind.
Group 7.—Springfield, Ill.
Group 8.—Peoria, Ill.
Group 9.—Chicago, Ill.
Group 10.—Milwaukee, Wis.

NOTES EXPLAINING APPLICATION OF DIFFERENTIAL SCALE FOR COMPUTING COMMODITY RATES

When the basing rate is in excess of those shown in the above table, compare it with the class rates and use the differential specified for use in connection with the next higher class rate.

The lowest rate in each column applies as the minimum rate from that group.

Note 1.—The rates shown are in cents per 100 pounds.

Note 2.—When a rate is made from any basing point, the figures in the same line across the page are the rates from the other basing points to the same destination. To illustrate, if a

rate of 26 cents per 100 pounds is made on any commodity from St. Louis or Louisville to New Orleans, the rates from other points are: From Cairo, 21 cents; Nashville, 21 cents; Evansville, 24 cents; Cincinnati, 28 cents; Indianapolis, 28 cents; Springfield, 29 cents; Peoria, 30 cents; Chicago, 31 cents; Milwaukee, 33 cents. If the rate is first made 31 cents from Chicago, the rates from other basing points are those named in this note, by the application of the same rule.

NOTE 3.—In applying the differential scale, where a blank occurs the first figure beneath such blank and in the same column is the rate to be used. Illustration: If a rate of 16 cents be established from Cincinnati to New Orleans on any commodity, the rate from Louisville to New Orelans on the same commodity would be 15 cents, which is the first figure in the Louisville column beneath the blank space appearing in the same line across the page opposite 16 cents from Cincinnati.

NOTE 4.—When rates with fractions are made from any basing point, the same fraction is added to the rates from other basing points, except that this rule does not make from any basing point a higher rate than that opposite a figure from the first basing point which is higher than the rate to which the fraction was first added. Illustration: If a rate of 15½ cents per 100 pounds is first established from Cincinnati to New Orleans, the rate from Nashville to New Orleans is 9½ cents; but if a rate of 10½ cents is first established from Cincinnati to New Orleans, the rate from Nashville to New Orleans is not 5½ cents, but 5 cents, which is the rate from Nashville opposite the rate from Cincinnati next higher than the rate to which the fraction was first added.

NOTE 5.—When a rate is made per barrel, per ton, or per car, such rate is to be reduced to cents per 100 pounds (carrying the decimal to hundredths) and the rule in Note 2 applied to ascertain the rates from other basing points; the rates so determined should then be computed per barrel, per ton, or per car, as the case may be, to correspond with the rate from the point from which it was first made. Illustration: If a rate of $3.00 per ton of 2,000 pounds, which is equivalent to 15 cents per 100 pounds, is made from St. Louis

or Louisville to New Orleans, the rates from other points are: From Cairo and Nashville, $2.00; from Evansville, $2.60, etc.

When a rate per gross ton of 2,240 pounds or per long ton of 2,268 pounds is made from any basing point, such rate should be reduced to cents per 100 pounds (carrying the decimal to hundredths) and corresponding rates, according to Note 2, applied from other basing points, observing the rule in Note 4 as to the use of fractions. Illustration: If a rate of $3.00 per ton of 2,240 pounds, which is equivalent to 13.39 cents per 100 pounds, is made from St. Louis or Louisville to New Orleans, the rates (per ton of 2,240 pounds) from other basing points are: From Cairo and Nashville, $1.88 (8.39 cents per 100 pounds); from Evansville, $2.55 (11.39 cents per 100 pounds); from Cincinnati, $3.22 (14.39 cents per 100 pounds); from Indianapolis and Springfield, $3.45 (15.39 cents per 100 pounds); from Peoria, $3.67 (16.39 cents per 100 pounds); from Chicago, $4.34 (19.39 cents per 100 pounds); from Milwaukee, $4.79 (21.39 cents per 100 pounds).

Exceptions to Note 5.—The rules in Note 5 do not apply in making rates per car on live stock.

Note 6.—Basis for carload rates on live stock: In making rates on live stock from defined territories north of the Ohio River and east of the Mississippi River, the following rule applies: Take St. Louis and Louisville as a basis (the rates from those points to be considered as applying for an estimated weight of 20,000 pounds per car); reduce the carload rate to cents per 100 pounds, and then apply the differential scale as provided in Note 2, the rates thus fixed in cents per 100 pounds on the differential scale to be established per carload on the basis of estimated weight of 20,000 pounds.

In Table 57 are given some representative commodity rates currently in effect from St. Louis, Mo., to New Orleans, La. It should be understood in connection with these rates and all others shown in these treatises that in case of actual use they should be confirmed by inquiring of the interested carrier.

TABLE 57

COMMODITY RATES FROM ST. LOUIS, MO., TO NEW ORLEANS, LA.

COMMODITY	RATE IN CENTS
Agricultural implements, C. L., min. wt. 20,000 lbs., viz.: Corn planters, cotton choppers, cotton planters, cultivators, field rollers, grain drills, guano distributors, harrows, plows, potato diggers, potato planters, seed sowers (not hand), stalk cutters (field), transplanters, and parts thereof when shipped in carloads with implements named	35
Asphalt (asphaltum), natural or by product, solid, C. L., min. wt. 40,000 lbs., and liquid other than paint, stain, or varnish, in barrels or iron drums, min. wt. 40,000 lbs.	18
Cement, portland or natural, in barrels or sacks, C. L., min. wt. 40,000 lbs.	12½
Coal, C. L., min. wt. capacity of car (in cents per ton of 2,000 lbs.)	340
Food preparations, viz.:	
Oatmeal, rolled oats, rolled, cracked, crushed, or flaked wheat, flaked rye, flaked, rolled, and pearl barley, hominy grits, and flaked hominy, packed or in barrels, kegs, drums, and half barrels or in cotton or gunny sacks:	
C. L.	18
L. C. L.	30
Iron and steel articles:	
Rails, C. L., min. wt. 20 gross ton (in cents per ton of 2,240 lbs.)	265
Railroad track material, viz.:	
Chains, cross ties, clamps, or fastenings, steel; frog fillings, frog nut locks and spikes, splice bars, switch chains, switches, switch stands, tie plates, track bolts, track brans, track nuts, washers, C. L., min. wt. 24,000 lbs.	522*
Leather sole, in boxes, rolls, or burlapped bales, L. C. L.	65
Pipe sewer, min. wt. 25,000 lbs	18
Soap and washing powders, any quantity	25
Soap, in boxes or barrels, agreed to be of value of not exceeding 5 cents per lb. and so expressed in bills of lading,	
C. L., min. wt. 30,000 lbs	25
L. C. L.	33
Starch, C. L., min. wt. 30,000 lbs	30
Tar and pitch, C. L., min. wt. 40,000 lbs	20
Wool (mineral), C. L., min. wt. 24,000 lbs	35

*Per ton of 2240 lbs.

3. APPLICATION OF COMMODITY RATES

(a) *From Ohio River Points and Related Territory*

These groups are the same as those shown in connection with class rates.

(b) *From Central Freight Association Groups*

These groups are the same as those shown in connection with class rates.

4. Rates to Gulf Ports and Mississippi River Points Made with Relation to Rates to New Orleans

The rates from the St. Louis-Louisville group to New Orleans having been established, the New Orleans basis of rates was established to other Gulf ports and Mississippi River points as follows:

To Mobile, Ala.—The same causes that brought about the rates to New Orleans influenced the rates to Mobile, Ala., viz., active water competition via the Mississippi River, the Mississippi Sound, and the Gulf of Mexico.

To Gulfport, Miss.—This port is located on the Louisville & Nashville Railroad from Louisville to New Orleans, almost midway between Mobile and New Orleans. It competes with Mobile, Ala., for export and import traffic, and the similarity of position and transportation conditions justified the application of the same rates as to Mobile.

To Baton Rouge and Bayou Sara, La., Dickerson, Friar's Point, Greenville, Natchez, Rosedale, and Session, Miss., Slidell, La., Vicksburg, Miss., and Vidalia, La.—The above points are located on or adjacent to the Mississippi River, and the same water competition that has necessitated the rates to New Orleans has prevented the maintenance of higher rates to the Mississippi River points named above.

In addition to the points enumerated above, the New Orleans basis of rates is applied to quite a number of local stations in the vicinity of New Orleans on the Texas & Pacific Railway, Louisiana Railway & Naviga-

tion Company, Morgan's Louisiana & Texas Railroad & Steamship Company, Mobile & Ohio Railroad, New Orleans, Texas & Mexico Railroad, and Yazoo & Mississippi Valley Railroad.

These points enjoy the New Orleans rates on account of their proximity to the Mississippi River and streams tributary thereto.

To Pensacola, Fla.—The rates to Pensacola, Fla., are the same as the rates to Mobile, Ala., except from Cairo, Ill., from which point they are the following differentials higher than the rates to Mobile:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	12	9	7	6	5	4	2	4	4½	5	5	7	9

CHAPTER XVII

CONSTRUCTION OF RATES FROM ST. LOUIS, MO., OHIO RIVER CROSSINGS, AND RELATED POINTS TO MEMPHIS, TENN.

1. Adjustment to Memphis, Tenn.

As in the case of New Orleans, the rates from St. Louis to Memphis were fixed, primarily, to meet water competition on the Mississippi River, the water rates, to which were added certain differentials, approximating the cost of insurance, etc., being adopted. While today there is water service between St. Louis and Memphis, it is not as important in amount as it was a decade or so ago. The potentiality of the competition, however, has, as in the case of New Orleans, served to keep the rates at substantially not greater than the old level. Again, while there is evidence that in the old days the competition afforded by ocean service between the East and New Orleans, in connection with boat service up the Mississippi River, had some influence in the adjustment of rates from the West, it does not appear to have been a factor in measuring any of the present rates. Some of the commodity rates to Memphis, as they now exist, have been fixed due to various conditions, without regard to water competition, and, as has been stated in connection with the New Orleans rates, the lines operating west of the Mississippi River are a strong influence in the adjustment of rates from St. Louis and the Central West to Memphis.

1. Grouping of Territory

In the application of these rates Central Freight Association and Western Trunk Line territories are divided into groups, the description and designation being the same as applied in the New Orleans adjustment from these territories.

2. Class Rates

(a) From St. Louis and Louisville

The class rates from the St. Louis-Louisville group, which are used as a basis for the construction of rates from the other groups, are as follows, governed by the Southern Classification:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	65	50	45	35	30	25	15	26	15	12	20	42	30

(b) From Ohio River Points and Related Territory

From the groups shown in Table 58 through rates are constructed by adding or deducting the differentials set forth in the table to or from the St. Louis-Louisville rates as shown above.

The addition or subtraction of the differentials shown to or from the St. Louis rates will produce the figures shown in Table 59, which are the rates currently in effect.

(c) From Central Freight Association Territory

The rates from other points in Central Freight Association Territory are constructed by adding the same

TABLE 58

DIFFERENTIALS APPLICABLE FROM GROUPS LOCATED ON OR RELATED TO THE OHIO RIVER

From Groups	Differentials Over or Under, as Indicated, the St. Louis-Memphis or Louisville-Memphis Rates												
	Differentials in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Cairo (under)	15	12	10	8	7	6	4	6	5	3	5	10	10
Nashville (under)	15	12	10	8	7	6	4	6	5	5	5	10	10
Evansville (under)	3	3	3	2	2	2	2	2	2½	2	2	3	5
Cincinnati (over)[3]	10	10	10	5	5	5	5	4	5	5	4	7	10
Indianapolis (over)	10	10	10	5	5	5	5	4	5	5	4	7	10
Springfield (over)	8	8	8	4	4	4	3	4	2	2	3	5	4
Peoria (over)	14	11	9	6	5	5	4	4	3	3	4	6	6
Chicago (over)	20	15	10	8	7	6	6	6	6	6	5	8	12
Milwaukee (over)	26	20	14	11	9	8	8	8	8	8	7	11	16

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]Not greater per mile than from Louisville.

differentials or applying the same rates as were employed in the New Orleans adjustment. For example, if it is desired to construct rates from the Detroit-Toledo group to Memphis, Tenn., on referring to page 242, Group E, it will be seen that the same rates as are in effect from Milwaukee are to be applied. Accordingly, the rates from Detroit-Toledo will be made the Milwaukee group differentials over the St. Louis rates, resulting in through rates as shown in Table 59.

(d) Adjustment from Points in Southern Territory

From Decatur, Florence, Sheffield, and Huntsville, Ala.—The rates are arbitrarily fixed.

TABLE 59

Class Rates to Memphis, Tenn., from Points On and North of the Ohio River

From Groups	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D[2]	E	H	F[3]
St. Louis	65	50	45	35	30	25	15	26	15	12	20	42	30
Cairo	50	38	35	27	23	19	11	20	10	7	15	32	20
Nashville	50	38	35	27	23	19	11	20	10	7	15	32	20
Cincinnati	75	60	55	40	35	30	20	31	20	17	24	49	40
Springfield	73	58	53	39	34	29	18	30	17	14	23	47	34
Peoria	79	61	54	41	35	30	19	30	18	15	24	48	36
Chicago	85	65	55	43	37	31	21	32	21	18	25	50	42
Milwaukee	91	70	59	46	39	33	23	34	23	20	27	53	46
Evansville[4]	62	47	42	33	28	23	13	24	12½	10	18	39	25
Vincennes	65	50	45	35	30	25	15	26	15	12	20	42	30
Indianapolis	75	60	55	40	35	30	20	31	20	17	24	49	40
Ft. Wayne-Columbus	85	65	55	43	37	31	21	32	21	18	25	50	42
Detroit-Toledo	91	70	59	46	39	33	23	34	23	20	27	53	46
Cleveland	91	70	59	46	39	33	23	34	23	20	27	53	46
Buffalo-Pittsburgh	91	70	59	46	39	33	23	34	23	20	27	53	46
Howard City	96	74	62½	48½	40½	34	24	35	24	21	28	54	48
Owendale	97	75	63	49	41	35	25	36	25	22	29	55	50
Clare	100	78	66	51	43	35½	25½	36½	25½	22½	29½	55½	51
Cadillac	102	79	66	51	43	36	26	37	26	23	30	56	52
Traverse City	108½	85	70½	54	45	38	28	39	28	25	32	58	56
Cheboygan	111	87	73	56	47	39	29	40	29	26	33	59	58
Manistique[5]	88	67½	57	44½	38	32	22	33	22	19	26	51	44
Kentucky	87	70	63	46	39	33	23	34	23	20	28	55	46

[1]Governed by the Southern Classification.

[2]Class-D rates named herein do not apply on carload and less-than-carload shipments of hay. A combination of local rates applies. On shipments of mixed carloads of hay, grain, and grain products, a combination of locals applies on the hay, and Class-D rates apply on the grain and grain products.

[3]Per barrel.

[4]Rates shown herein do not apply from Evansville, Ind., proper. For rates refer to Agent M. P. Washburn's I. C. C. No. 119, supplements thereto and reissues thereof.

[5]Applicable only on traffic originating beyond.

From Knoxville, Tenn.—Specific rates are made which are 2 cents per 100 pounds under the rates from Knoxville to Evansville.

From Atlanta, Ga.—The rates are generally made the same as the rates in the opposite direction.

From Augusta, Ga.—The rates are made the following differentials over the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	3	3	3	2	2	2	2	2	2	2	2	2	4

The commodity rates are made 4 cents over the rates from Atlanta.

From Macon and Savannah, Ga., and points taking the same rates as Savannah, Chattanooga, Tenn., Birmingham, Montgomery, and Selma, Ala., and Other Southeastern Common Points.—The rates are made the following differentials under the corresponding rates from Louisville:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	4	4	4	4	4	4	4	4	4	4	4	4	8

The commodity rates are made 4 cents under the rates to Louisville.

From Mobile, Ala.—The general adjustment is made the same as the southbound, but rates on various northbound commodities are adjusted on their respective merits.

From west Tennessee and junctions in interior Mississippi Valley Territory, the rates in the reverse direction are generally applied, except on commodities concerning which there are peculiar circumstances differentiating them from the ordinary run, as on lumber, for example. An understanding of such cases may be had from the description hereinafter given.

From local points in Mississippi Valley, Southeastern, and Kentucky-Tennessee territories, the lowest combination is generally employed, except where the local scales of any continuous line make less.

From Carolina Territory, numerous rates are made on a definite relationship with the corresponding rates

from the Virginia Cities; otherwise the general basis is the lowest combination.

Rates from eastern territory to Memphis are made from New York, the Trunk Line relative adjustment applying from other places. These rates reflect water competition down the Ohio and Mississippi rivers from

TABLE 60

BASIS FOR CONSTRUCTION OF COMMODITY RATES TO MEMPHIS

Groups									
1	2	3	4	5	6	7	8	9	10
..	..	..	..	..	..	..	..	10	12
5	..	..	..	6	9	7	8	11	13
..	..	..	..	7	10	..	..	..	..
6	..	..	..	8	11	8	9	12	14
7	..	..	5	9	12	9	10	13	15
8	..	..	6	10	13	10	11	14	16
..	..	..	..	11	..	..	..	..	..
9	..	..	7	12	14	11	12	15	17
10	5	5	8	13	15	12	13	16	18
11	6	6	9	14	16	13	14	17	19
12	7	7	10	15	17	14	15	18	20
..	..	..	..	16	..	..	..	..	..
13	8	8	11	17	18	15	16	19	21
14	9	9	12	18	..	16	17	20	22
..	..	..	..	..	..	17	18	..	..
15	10	10	13	19	19	18	19	21	23
16	11	11	14	20	20	19	20	..	..
17	12	12	15	21	21	20	21	22	24
18	13	13	16	22	22	21	22	23	25
19	14	14	17	23	23	22	23	24	26
20	15	15	18	24	24	23	24	25	27
21	16	16	19	25	25	24	25	26	28
22	..	..	20	26	26	25	26	27	29
23	17	17	21	27	27	26	27	28	30
24	18	18	22	28	28	27	28	29	31
..	..	..	..	29	29	28	29	30	32
25	19	19	23	30	30	29	30	31	33
26	20	20	24	31	31	30	31	32	34
27	..	..	25	32	32	31	32	33	35
28	21	21	26	33	33	32	33	34	36

Group 1.—St. Louis-Louisville.
Group 2.—Cairo, Ill.
Group 3.—Nashville, Tenn.
Group 4.—Evansville, Ind.
Group 5.—Cincinnati, Ohio.
Group 6.—Indianapolis, Ind.
Group 7.—Springfield, Ill.
Group 8.—Peoria, Ill.
Group 9.—Chicago, Ill.
Group 10.—Milwaukee, Wis.

Pittsburgh, Cincinnati, etc., which was at one time very potent, and to some slight extent the still earlier competition via the ocean and the Mississippi River.

Specific rates are made from the Virginia Cities to Memphis.

3. Commodity Rates

(a) *From Ohio River Points and Related Territory*

The commodity rates to Memphis are made by the use of a differential scale similar to that used in connection with the rates to New Orleans, an illustration of which is shown in Table 60.

See pages 248 to 251 for notes explaining the application of the differential scale for computing commodity rates.

(b) Groups From Which Commodity Rates Apply

In the application of the commodity basis the same territorial grouping is employed as is used in connection with the class rates.

4. Rates From Trunk Line Territory

(a) *All-Rail Rates*

In the application of rates from Trunk Line and New England territories Memphis, Tenn., is treated as a Mississippi River Crossing and rates are published in accordance with the basis set forth for the construction of rates in Official Classification Territory. This

is due to the fact that the Southern Railway and its eastern connections as well as other lines which operate through Southern Classification Territory are in competition with the Trunk Line and Central Freight Association lines for eastbound and westbound traffic originating in or destined to points west of the Mississippi River and to do so successfully the rates via their routes must be on a parity with those of the northern lines. The current all-rail rates, governed by the Official Classification, are as follows:

Classes....	1	2	3	4	5	6
Rates.....	100	85	65	45	38	32

(*b*) *Rail-and-Water Rates*

The water lines serving such South Atlantic Ports as Wilmington, N. C., Charleston, S. C., Savannah and Brunswick, Ga., and Jacksonville, Fla., also compete for this traffic and have established a proportional scale of rates from the Eastern Cities to the Mississippi River on traffic destined beyond, which rates are considerably less than the rates of the all-rail lines operating through either Official or Southern classification territories. The present scale is as follows in cents per 100 pounds:

Classes....	1	2	3	4	5	6	R25	R26	R28
Rates.....	72	64	47	36	30	26	54	38	40

These rates are governed by the Official Classification. The rates apply from Boston, Mass., New York, N. Y., Philadelphia, Pa., and Baltimore, Md., and from such points as are shown as taking the same rates in the publications of the water carriers, which vary somewhat from the all-rail grouping of Trunk Line and New England territories shown on Maps 9 and 10 of the Atlas of Traffic Maps.

These rates may be ascribed to the keen competition of recent years between the line and independent water carriers serving the South Atlantic Ports and those operating through the Gulf Ports. In some cases the competition has been so severe that it has been necessary to suspend or cancel the through tariffs and handle the traffic on a combination of rates to and from the ports.

5. Fourth Section Orders

Such orders as have been announced by the Interstate Commerce Commission affecting points in the adjustment discussed in this chapter are reproduced in Appendix C.

CHAPTER XVIII

RATES TO INTERIOR MISSISSIPPI VALLEY POINTS VIZ.: TO CERTAIN REPRESENTATIVE LOCAL STATIONS

This chapter treats of the bases used in constructing rates to interior points in Mississippi Valley Territory. These interior points are both local and junction points, and, while some of them are not interior points in the sense that they are removed from navigable waterways, their location upon the streams is such that the competition of water carriers from other markets has been greatly minimized.

Generally speaking, the adjustment of rates to local stations is peculiar to the individual carriers.

In some cases the rates from certain specified basing points, such as Cairo, Ill., and Memphis, Tenn., are fixed and the rates from other points of origin are made by applying the differentials used in making the rates to common points in the vicinity of such local points; in other cases the rates are made certain differentials over the rates to adjacent common points; and in still other cases they are made on the lowest combination.

To illustrate more clearly, a few examples are given of the adjustment to points on a few of the principal roads in the territory.

(a) To Local Stations on the Alabama & Vicksburg Railway and New Orleans & Northeastern Railroad

The class and commodity rates to local stations on the Alabama & Vicksburg Railway and New Orleans & Northeastern Railroad are made by adding the differentials shown in Tables 61 and 62 to the rates to Jackson or Meridian, Miss.

TABLE 61

ADJUSTMENT OF CLASS RATES TO STATIONS ON THE ALABAMA & VICKSBURG RAILWAY AND NEW ORLEANS & NORTHEASTERN RAILROAD FROM OHIO AND MISSISSIPPI RIVER CROSSINGS, NASHVILLE AND CHATTANOOGA, TENN.

To Groups	Differentials in Cents per 100 Pounds Except as Noted								Remarks
	Classes[1]								
	1	2	3	4	5	6	A	B	
1[5]	10	9	9	7	5	3	3	3	Over rates to Jackson or Meridian, Miss.
2[6]	20	17	15	12	9	6	5	5	
3[7]	20	17	15	12	9	6	5	5	

To Groups	Differentials in Cents per 100 Pounds Except as Noted							Remarks
	Classes[1]							
	C	D[2]	D[3]	E	H	F[3,4]	F[3,4]	
1[5]	8	3	6	7	7	7	16	Over rates to Jackson or Meridian, Miss.
2[6]	12	5	10	12	12	11	24	
3[7]	12	5	10	12	12	11	24	

[1]Governed by the Southern Classification.
[2]C. L.
[3]L. C. L.
[4]Per barrel.
[5]The following stations, located on the Alabama & Vicksburg Railway, comprise Group 1:

Dixon, Miss.
Clinton, Miss.
Norrell, Miss.
Bolton, Miss.
Champion Hill, Miss.
Edwards, Miss.
Smiths, Miss.
Beechwood, Miss.
Bovina, Miss.
Newmans, Miss.
Military Park, Miss.

[6]The following stations, located on the Alabama & Vicksburg Railway, comprise Group 2:

Lost Gap, Miss.	Thomas Spur, Miss.	Pelahatchie, Miss.
Grahams, Miss.	Lawrence, Miss.	Milroy, Miss.
Meehan Jct., Miss.	Lake, Miss.	Gulde, Miss.
Point, Miss.	Broach, Miss.	Rankin, Miss.
Chunky, Miss.	Schryver, Miss.	Lackey, Miss.
Ragland, Miss.	Muskegon, Miss.	Brandon, Miss.
Weatherford, Miss	Forest, Miss.	Rice Hill, Miss.
Hickory, Miss.	Raworth, Miss.	Greenfield, Miss.
Paula, Miss.	Kalem Spur, Miss.	Howell, Miss.
Skinner and Simmons, Miss.	Morton, Miss.	Pearsons, Miss.
	Clarksburg, Miss.	

[7]The following stations, located on the New Orleans & Northeastern Railroad, comprise Group 3:

Arundel, Miss.	Durham, Miss.	Poplarville, Miss.
Savoy, Miss.	Albertson's Mill, Miss.	Derby, Miss.
Bullard, Miss.	Norman, Miss.	Tyler, Miss.
Basic, Miss.	Eastabutchie, Miss.	Millard, Miss.
Wautubbie, Miss.	Gunn Spur, Miss.	Log Spur, Miss.
Beatrice, Miss.	Petal, Miss.	McNeil, Miss.
Pachuta, Miss.	Bon Homme, Miss.	Tate, Miss.
Barnett, Miss.	Richburg, Miss.	Watson's Spur, Miss.
Vossburg, Miss.	Okahola, Miss.	Carriers, Miss.
Heidelberg, Miss.	Purvis, Miss.	Ozona, Miss.
Haney, Miss.	Harmon, Miss.	Richardson, Miss.
Sandersville, Miss.	Tolowah, Miss.	Rosa, Miss.
Errata, Miss.	Piotona, Miss.	Picayune, Miss.
Hawkes, Miss.	Lumberton, Miss.	Nicholson, Miss.
Anderson, Miss.	Red Top, Miss.	Benton, La.
Alice, Miss.	Hatten Spur, Miss.	Honey Island, La.
Tawanta, Miss.	Hillsdale, Miss.	Pearl River, La.
Moselle, Miss.	Orvisburg, Miss.	St. Joe, La.
		Alton, La.

TABLE 62

Adjustment of Commodity Rates to Stations on the Alabama & Vicksburg Railway and New Orleans & Northeastern Railroad

To Groups	Differentials[1] in Cents per 100 Pounds Except as Noted — Commodities in Carloads												Remarks
	Cement and Plaster	Fertilizer	Flour, in sacks	Lime	Lumber	Ore, Ground Iron	Paint Material	Railroad Track Material[2]	Salt	Slate Roofing	Stone	Veneering	
1[3]	3	3	3.5	3	3	3	3	60	3	3	3	3	Over rates to Jackson or Meridian Miss.
2[4]	5	5	5.5	5	5	5	5	100	5	5	5	5	
3[5]	5	5	5.5	5	5	5	5	100	5	5	5	5	

[1]Governed by the Southern Classification.
[2]Per ton, 2,240 pounds.
[3]See footnote 5 to Table 61.
[4]See footnote 6 to Table 61.
[5]See footnote 7 to Table 61.

From Knoxville, Tenn.—The rates are made the following differentials higher than the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	12	9	7	6	5	4	3	3	3	3	3	3	6

From Birmingham, Ala.—The rates are made the following differentials less than the rates from Chattanooga, but do not exceed the lowest combination.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	5	4	4	3	3	2	2	2	2	2	2	4

The commodity rates are made 2 cents less than the rates from Chattanooga.

To stations on the New Orleans & Northeastern Railroad between Slidell and New Orleans, La., the rates are the same as those to New Orleans.

From Montgomery and Selma, Ala.—The rates are made on the lowest combination, with Birmingham rates as maxima. To stations on the New Orleans & Northeastern Railroad between Slidell and New Orleans, the rates are the same as those to New Orleans.

From Dalton, Rome, and Atlanta, Ga.—The rates are the same as those from Chattanooga, with the lowest combination as maxima, except that from Atlanta to stations between Slidell and New Orleans the rates are the same as those to New Orleans.

From Athens and Augusta, Ga.—To stations on the Alabama & Vicksburg Railway the rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	5	4	4	3	3	2	2	2	2	3	4	4

The commodity rates are made 2 cents over the rates from Atlanta.

To stations on the New Orleans & Northeastern Railroad the rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	3	3	3	2	2	2	2	2	2	2	2	2	4

The commodity rates are made 2 cents over the rates from Atlanta.

From Columbus, Ga., and Southeastern Points Not Shown Above, as well as from Local Points in the Same Territory.—The general basis is the lowest combination.

From Trunk Line, Central Freight Association, and Western Territories.—The lowest combination generally prevails.

(*b*) *To Local Stations on the Illinois Central Railroad*

In adjusting rates from St. Louis, Chicago, and various other points in Illinois reached by the Illinois Central Railroad, and from the Ohio River, Memphis, etc., the local adjustments of this line prevail, in which the mileage scales, with the lowest combination as maxima, are the principal factors. Generally speaking, however, there is a defined relationship, as, for example, the rates from Louisville and St. Louis are kept on an equal plane; both have rates which are differentials higher than the rates from Cairo and Paducah; Chicago has a fixed relationship with St. Louis and Cairo, and the minimum rates carried from Nashville are those from Cairo.

The class rates from Cairo having been fixed, the class rates from other points of origin are made certain differentials over the rates from Cairo.

TABLE 63

Differentials Used in Constructing Class Rates from Points Named to Local Stations on the Illinois Central Railroad

From	Differentials in Cents per 100 Pounds Except as Noted										Remarks
	Classes[1]										
	1	2	3	4	5	6	A		B		
							C.L.	L.C.L.	C.L.	L.C.L.	
Memphis	17	14	12	10	9	8	5	5	6	6	Under Cairo rates
Evansville	34	29	24	18	13	11	8	8	7	7	Over Cairo rates
Louisville	34	29	24	18	13	11	10	10	9	9	
St. Louis	34	29	24	18	13	11	10	10	9	9	
Cincinnati	43	37	32	25	19	16	14	14	12	12	
Peoria	42	35	30	23	17	15	12	12	12	12	
Indianapolis	42	35	30	23	17	15	12	12	12	12	
Chicago	45	37	32	25	19	16	14	14	16	16	
Milwaukee	6	5	4	3	2	2	2	2	2	2	Over Chicago rates

From	Differentials in Cents per 100 Pounds Except as Noted								Remarks
	Classes[1]								
	C		D		E	H	F[2]		
	C.L.	L.C.L.	C.L.	L.C.L.			C.L.	L.C.L.	
Memphis	5	5	4	4	8	11	10	10	Under Cairo rates
Evansville	5	5	3	3	8	10	10	10	Over Cairo rates
Louisville	7	7	5	5	10	12	14	14	
St. Louis	7	7	5	5	10	12	14	14	
Cincinnati	12	12	10	9	14	16	24	24	
Peoria	11	11	10	10	13	17	22	22	
Indianapolis	11	11	10	10	13	17	22	22	
Chicago	13	13	11	11	14	17	26	26	
Milwaukee	2	2	2	2	2	2	4	4	Over Chicago rates

[1]Governed by the Southern Classification.
[2]Per barrel.

For example, the class rates from Cairo to Canton, Miss., are as follows:

Classes	1	2	3	4	5	6
Rates	89	71	59	50	43	38

Classes	A		B		C		D		E	H	F	
	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.			C.L.	L.C.L.
Rates	28	33	34	39	29	34	22	26	42	48	47	56

The class rates from Evansville, Ind., are constructed by adding the differentials shown in Table 63 to the class rates from Cairo, Ill.

From Chattanooga, Tenn.—To stations between Cairo, Ill., and Grand Junction, Tenn., the rates are made the following differentials higher than the rates from Nashville:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M	N	O	P
Differentials ..	10	10	10	10	10	10	10	10	10	10	10	10	20	5	5	5	5	5	5

To stations south of Grand Junction (except the Memphis Branch), the minimum rates are the same as those from Nashville, except that the rates from Nashville made on combination do not apply from Chattanooga. The lowest combination is not exceeded.

To stations between Memphis and Grenada, Miss., the rates are made the following differentials less than the rates from Louisville:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials.....	15	12	10	8	7	6	4	5	5	5	5	10	10

The rates from Chattanooga to Memphis are observed as minima and the lowest combination is observed as maxima. The commodity rates are made 5 cents less than the rates from Louisville.

From Knoxville, Tenn.—The rates are made the following differentials higher than the rates from Chattanooga:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials.....	12	9	7	6	5	4	3	3	3	3	3	3	6

From Birmingham, Ala., and Group.—To stations between Cairo and Grand Junction, the lowest combination prevails.

To stations south of Grand Junction, the rates are made the following differentials less than the rates from Chattanooga, but do not exceed the lowest combination.

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials.....	6	5	4	4	3	3	2	2	2	2	2	2	4

The commodity rates are made 2 cents less than the rates from Chattanooga.

From Montgomery and Selma, Ala.—The rates are made on the lowest combination.

From Dalton, Rome, and Atlanta, Ga.—To points north of Grand Junction, the rates are made on the lowest combination.

To points south of Grand Junction, the rates are made the same as those from Chattanooga, with the lowest combination as maxima.

From Athens and Augusta, Ga.—To points south of Grand Junction and north of Jackson, Miss., the rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	5	4	4	3	3	2	2	2	2	3	4	4

The commodity rates are made 2 cents over the rates from Atlanta.

To points south of Jackson, the rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	3	3	3	2	2	2	2	2	2	2	2	2	4

The commodity rates are made 2 cents over the rates from Atlanta.

From Macon, Ga.—To stations south of Grand Junction, Tenn., and north of Winona, Miss., the rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	5	4	4	3	3	2	2	1	1	3	4	2

The commodity rates are made 1 cent over the rates from Atlanta.

To points south of Winona and north of Jackson, Miss., the rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	3	3	3	2	2	2	2	2	1	1	2	2	2

The commodity rates are made 1 cent over the rates from Atlanta.

To points south of Jackson, the rates are the same as those from Atlanta.

From Columbus, Ga.—To points south of Grand Junction and north of Winona, the rates are the same as those from Atlanta.

To points south of Winona and north of Jackson, the rates are the same as those from Atlanta, but not higher than the rates from Chattanooga.

To points south of Jackson, the rates are made the following differentials less than the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	4	4	3	3	2	2	2	2	1	1	2	3	2

The commodity rates are made 1 cent less than the rates from Chattanooga.

From Other Southeastern Points.—The rates are adjusted either in relation to the foregoing, or (more generally) on the lowest combination.

From Trunk Line, Central Freight Association, and Western Territories.—The lowest combination is, in the main, the basis of through rates.

(c) *To Stations on the Mobile & Ohio Railroad*

The rates from St. Louis and Cairo are adjusted under the local bases of the Mobile & Ohio Railroad, in which the main factors are the mileage scale and combination.

From Louisville, Ky., and Group.—The rates from St. Louis having been fixed, the rates from Louisville, Ky., and group are made the same as the rates from St. Louis.

From Cincinnati, Ohio, and Group.—To stations north of Jackson, Tenn., the rates are made the following differentials over the rates from Louisville:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M	N	O
Differentials	13	11	8	7	6	5	4	6	3	3	4	4	6	5	5	5	5	5

To stations south of Jackson, the rates are made the following differentials over the rates from Louisville:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M	N	O
Differentials	9	8	8	7	6	5	4	5	5	3	4	4	10	2	2	2	2	2

From Evansville, Ind., Henderson and Owensboro, Ky.—The rates are the same as those from Louisville, except that on Class B the rates are 2 cents less than the rates from Louisville.

From Paducah, Ky., and Nashville, Tenn.—The minimum rates are the same as those from Cairo.

From Chattanooga, Tenn.—To stations between Cairo and Corinth, Miss., the rates are made the following differentials higher than the rates from Nashville:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M	N	O
Differentials.....	10	10	10	10	10	10	10	10	10	10	10	10	20	5	5	5	5	5

To stations south of Corinth, the minimum rates are the same as those from Nashville, except that rates from Nashville made on the lowest combination do not apply from Chattanooga. The lowest combination is not exceeded.

From Knoxville, Tenn.—The rates are made the following differentials higher than the rates from Chattanooga:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials.....	12	9	7	6	5	4	3	3	3	3	3	3	6

Exceptions are made on various commodities.

From Birmingham, Ala., and Group.—To stations between Cairo and Corinth, the rates are made on the lowest combination.

To stations south of Corinth (except the Montgomery Division), the rates are made the following differentials less than the rates from Chattanooga, with the lowest combination as maxima:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	5	4	4	3	3	2	2	2	2	2	2	4

The commodity rates are made 2 cents less than the rates from Chattanooga.

From Montgomery and Selma, Ala.—The lowest combination or continuous locals prevail.

From Dalton, Rome, and Atlanta, Ga.—To points north of Corinth, the rates are made on the lowest combination.

To points south of Corinth, the rates are made the same as those from Chattanooga, with the lowest combination as maxima.

From Athens and Augusta, Ga.—The rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	5	4	4	3	3	2	2	2	2	3	4	4

The commodity rates are made 2 cents over the rates from Atlanta.

From Macon, Ga.—To points north of Corinth, the rates are made on the lowest combination.

To stations south of Corinth and north of West Point, Miss., the rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	5	4	4	3	3	2	2	1	1	3	4	2

The commodity rates are made 1 cent higher than the rates from Atlanta.

To points south of West Point and north of Meridian, the rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	3	3	3	2	2	2	2	2	1	1	2	2	2

The commodity rates are made 1 cent higher than the rates from Atlanta.

To points south of Meridian, the rates are the same as those from Atlanta.

From Columbus, Ga.—To points north of Corinth, the lowest combination prevails.

To points south of Corinth and north of West Point, the rates are made the same as those from Atlanta.

To local points south of West Point and north of Meridian, the rates are the same as those from Atlanta, but not higher than the rates from Chattanooga.

To local points south of Meridian, the rates are made the following differentials less than the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	4	4	3	3	2	2	2	2	1	1	2	3	2

The commodity rates are made 1 cent less than the rates from Chattanooga.

From Other Southeastern Points.—The rates are made either in relation to the above or on the lowest combination.

From Trunk Line, Central Freight Association, and Western Territories.—The lowest combination prevails.

(*d*) *To Local Stations on the Yazoo & Mississippi Valley Railroad*

The class rates from Memphis, Tenn., to local stations on the Yazoo & Mississippi Valley Railroad are made by the use of the Yazoo & Mississippi Valley local distance scale, except to a few points located on what is known as the Riverside District. The rates to these points are somewhat depressed, due to their proximity to the Mississippi River.

The class rates from Memphis having been fixed, the rates from Cairo, Ill., to local stations on the Yazoo & Mississippi Valley Railroad are made certain differentials over the rates from Memphis, Tenn., and the class rates from other points of origin are made on the lowest combination.

For example, the class rates from Memphis to Port Gibson, Miss., are as follows:

Classes	1	2	3	4	5	6
Memphis rates	72	61	51	43	36	32
Cairo differentials	42	36	32	23	18	15
Through rates	114	97	83	66	54	47

Classes	A		B		C		D		E		F	
	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.
Memphis rates[1]	24	28	27	35	27	34	21	21	32	39	43	54
Cairo differentials	11	9	9	5	9	7	4	4	9	8	17	11
Through rates	35	37	36	40	36	41	25	25	41	47	60	65

The class rates from St. Louis, Mo., to Port Gibson, Miss., are as follows:

Classes	1	2	3	4	5	6
St. Louis to Vicksburg	90	75	65	50	40	35
Vicksburg to Port Gibson	39	34	28	24	21	18
Through rates	129	109	93	74	61	53

Classes	A		B		C		D		E		F	
	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.
St. Louis to Vicksburg	25	25			25	25	20	20	28	28	45	45
Vicksburg to Port Gibson	14	16			16	21	10	10	18	24	25	30
Through rates	39	41	41[1]	45[1]	41	46	30	30	46	52	70	75

[1]Arbitrarily fixed.

At the more important or competitive points, however, the mileage basis is disregarded and, where practical, the water-line rates are met or equalized as far as possible. This practice is employed generally throughout the South.

It should be understood, however, that there are many instances where, considering the distance of the haul and the nature of the traffic, the rail carriers would not be warranted in even attempting to meet these low rates.

CHAPTER XIX

RATES TO INTERIOR MISSISSIPPI VALLEY POINTS—Continued

1. To Jackson and Meridian, Miss.

(a) *From Seaboard Territory*

The exceptionally low rates made by the water carriers from eastern points to the South Atlantic and Gulf ports are given much emphasis throughout the report of the Interstate Commerce Commission dealing with the rate adjustments to these ports from the various territories.

The influence of this competition, however, is felt at interior points located away from navigable streams or bodies of water.

To such points through rates are made by the water carriers by combining their rates to the ports with those of the carriers from the ports, the combination of local rates in many instances being sufficient to secure the traffic. Where the combination rates are not sufficient to secure the traffic, rates may be made certain differentials under the rates which the rail lines may fix.

Taking as an illustration the rates from New York to Meridian, Miss., the rates via the various routes are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
All-rail rates	114	98	86	73	60	49	41	48	40	39	58	68	78
Rail-and-water rates	114	98	86	73	60	49	41	48	40	39	58	68	78
Rates via Gulf	96	84	75	65	54	45	37	44	36	35	54	69	74

Note that the all-rail rates, which apply via the Virginia Gateways and Ohio River Crossings, are the same as the rates via the rail-and-water routes through the South Atlantic Ports.

The rates via the Gulf lines (the Morgan Line and the Mallory Line) indicate that they are the following differentials less than the rates via the other routes:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials.....	18	14	11	8	6	4	4	4	4	4	4	8	4

The Gulf lines are conceded this scale of differentials by the rail or rail-and-water lines on traffic destined to all common points in Mississippi on and south of a line drawn through Vicksburg, Jackson, and Meridian. To local points the rates are made on the basis of the lowest combination through the Gulf port to a common point plus the local rate from the common point.

To points north of this line the rates are made on the lowest available combination, which is usually the water rate to the port plus the rail-line local rate from the port. North of this line is neutral territory, and the various routes, except for some spasmodic competition by independent lines, meet on a common footing.

From the Eastern Cities and interior eastern points, the rates are the same via the all-rail and the rail-and-water routes. The basis to Meridian from New York is the same as that to Gadsden, Ala., via rail-and-water. From Philadelphia, Baltimore, and points taking the same rates, the rates are the Trunk Line differentials below the rates from New York, using as minimum rates from Philadelphia and Baltimore, respectively, the corresponding rates to Anniston. From the Virginia Cities, also, the basis is the same as that to Selma. However, the existing rates from the East to Meridian are higher than on the basis given, as no

change was made in the rates to Meridian when the general reductions to the southeastern common points were made in 1904.

The class rates from eastern seaboard and interior eastern points and from the Virginia Cities to Jackson are fixed figures checked in by the Jackson lines, governed somewhat by the competition found at Vicksburg and at Meridian. The lowest combination was not exceeded, and this is the basis for the commodity rates at the present time.

The basis from the Buffalo-Pittsburgh-Wheeling-Ashland zone to both Jackson and Meridian is the same as that observed generally to the southeast.

(*b*) *From Ohio River Crossings*

In the pages following dealing with the basis for rates from Ohio River Crossings and points in Western Trunk Line and Central Freight Association territories, the present scale of rates and basis has been used. The territory is grouped in the following manner.

St. Louis Group.—St. Louis, Mo., rates apply from St. Louis, Mo., East St. Louis and Belleville, Ill., Louisville, Ky., and Jeffersonville and New Albany, Ind.

Evansville Group.—Evansville, Ind., rates apply from Evansville, Ind., and Owensboro and Henderson, Ky.

Cincinnati Group.—Cincinnati, Ohio, rates apply from Cincinnati, Ohio, Covington, Newport, and Lexington, Ky., and Aurora and Lawrenceburg, Ind.

Illinois Central Railroad Group.—Illinois Central Railroad group rates apply from stations on the Illinois Central Railroad from Carbondale, Ill., to Villa Ridge, Ill., inclusive, and from Carterville, Ill., to Round Knob, Ill., inclusive.

Chicago Group.—Chicago, Ill., rates apply from all

that territory beginning at Chicago and thence via the west bank of Lake Michigan to Whiting, Ind., inclusive; thence via the Chicago, Indiana & Southern Railroad to but not including Schneider, Ind.; thence north of the Chicago, Indiana & Southern Railroad to and including Wheatfield; thence via the Chicago & Eastern Illinois Railroad to LaCrosse, Ind., inclusive; thence on and west of the Chicago & Eastern Illinois Railroad to Percy Junction; thence via an imaginary line to a point just north of Kentland and Effner; thence north of the line of the Toledo, Peoria & Western Railway to a point just north of Peoria; thence north of the line of the Chicago, Burlington & Quincy Railroad and north of Yates City, Galesburg, and Monmouth, to and including Burlington; thence on and east of the west bank of the Mississippi River to Sabula Junction; thence on and south of the Chicago, Milwaukee & St. Paul Railway to and including Freeport, Ill.; and thence on and south of the Chicago & North Western Railway, through Rockford, Belvidere, and Elgin, to Chicago, inclusive.

Milwaukee Group.—Milwaukee, Wis., rates apply from all that territory beginning at Milwaukee, and thence on and south of the line of the Chicago, Milwaukee & St. Paul Railway, through Brookfield Junction; thence to and including Waukesha; thence on and east of the line of the Wisconsin Central Railway to and including Leighton, Ill.; thence on and east of the line of the Elgin, Joliet & Eastern Railway but not including Spaldwin, Ill.; thence north of the line of the Chicago, Milwaukee & St. Paul Railway to but not including Chicago, Ill.; thence via the west bank of Lake Michigan to Milwaukee, inclusive, including points on and south of the line of the Illinois Central Railroad from Dubuque, Iowa, to but not including

Freeport, Ill., and points on and east of the Chicago, Milwaukee & St. Paul Railway from Dubuque to but not including Sabula; also points on the Illinois Central Railroad from Dodgeville and Madison, Wis., to but not including Freeport, Ill.

Peoria Group.—Peoria, Ill., rates apply from all that territory including west bank Mississippi River points from Burlington, Iowa, to Hannibal, Mo., inclusive; thence north on the Wabash Railroad to and including Springfield, Ill.; thence north of the Cincinnati, Hamilton & Dayton Railway to and including Decatur; thence on and east of the Illinois Central Railroad to but not including Sullivan, Ill.; thence north of the Chicago & Eastern Illinois Railroad to but not including Tuscola; thence north of the Cincinnati, Hamilton & Dayton Railway to but not including West Melcher; thence on and west of the Chicago & Eastern Illinois Railroad to and including Goodland, Ind.; and thence on and south of the Chicago, Burlington & Quincy Railroad, including Yates City and Monmouth, to Burlington, Iowa, inclusive.

(c) *From St. Louis, Mo., Ohio River Crossings, and Related Points*

The basis for the class rates to Jackson and Meridian, Miss., are the class rates from St. Louis to Meridian, the Meridian rates having been applied to Jackson, for competitive reasons. The rates from St. Louis reflect the competition down the Mississippi River to Vicksburg and thence via rail to Jackson, the rates to Meridian being made no greater than those to Jackson. Some of the rates, however, particularly on commodities, have been adjusted to meet market competitive conditions.

The class rates from St. Louis to Jackson and Meridian are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	98	84	70	59	49	43	35	35½	27	25	34	55	54

After fixing the class rates from St. Louis, the St. Louis basis is applied from Louisville, Ky. The class rates from other points of origin are made the differentials shown in Table 64 over or under the class rates from St. Louis.

TABLE 64

DIFFERENTIALS USED IN CONSTRUCTING CLASS RATES TO JACKSON AND MERIDIAN, MISS.

From Groups	Differentials in Cents per 100 Pounds Except as Noted													Remarks
	Classes[1]													
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]	
Memphis	25	21	18	15	12	10	7	7	7	7	7	7	18	Below St. Louis rates
Nashville[3]	15	12	10	8	7	6	4	5	5	5	5	5	10	
Cairo	15	12	10	8	7	6	4	5	5	5	5	5	10	
Evansville	3	3	3	2	2	2	2	2	2½	2	2	2	5	
Cincinnati	8	8	8	7	6	5	4	2	2	2	4	4	4	Over St. Louis rates
Peoria	14	11	9	6	5	5	4	4	3	3	4	6	6	
Springfield	8	8	8	4	4	4	3	3	2	2	3	4	4	
Chicago	20	15	10	8	7	6	6	6	6	6	5	8	12	
Milwaukee	26	20	14	11	9	8	8	8	8	8	7	11	16	

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]But not less per mile than from Louisville

2. COMMODITY ADJUSTMENT

The relative adjustment in connection with the commodity rates from the Ohio River Crossings and Nashville and from Chicago, Milwaukee, Peoria, and Springfield territories is as described concerning the commodity rates to New Orleans and group.

(*a*) *From Central Freight Association Territory*

From Central Freight Association Territory, the rates are generally made on the lowest combination.

(*b*) *From Southeastern Territory*

From Chattanooga, Tenn.—To Jackson, Miss., the rates are made not less than the rates from Nashville.

To Meridian, Miss, the rates are made the following differentials under the rates from Nashville:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	5	4	4	3	3	2	2	2	2	4	2	2

From Birmingham, Ala., and Group.—The rates are made the following differentials under the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	5	4	4	3	3	2	2	2	2	2	2	4

The rates to Meridian do not exceed the local rates of the Alabama Great Southern Railroad.

From Knoxville, Tenn.—The rates are made the following differentials over the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	12	9	7	6	5	4	3	3	3	3	3	3	6

From Montgomery and Selma, Ala.—The rates are made the same as the rates from Birmingham.

From the Gadsden-Anniston, Ala., Group.—The rates are made the same as the rates from Chattanooga.

From Rome and Dalton, Ga.—The rates are made the same as the rates from Chattanooga.

From Atlanta, Ga.—The rates are made the same as the rates from Chattanooga, but do not exceed the

lowest combination or the local rates of a continuous line.

From Augusta and Athens, Ga.—The rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	5	4	4	3	3	2	2	2	2	3	4	4

From Macon, Ga.—The rates are made the same as those from Atlanta.

From Milledgeville, Ga., and Group.—The rates are made the same as those from Macon.

From Columbus, Ga.—The rates are made the following differentials less than the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	4	4	3	3	2	2	2	2	1	1	2	3	2

From other competitive points and from local points in Southeastern Territory the basis is as described to junctions in interior Mississippi Valley Territory.

3. To Hattiesburg, Laurel, Lumberton, Newton, Ellisville, and Enterprise, Miss.

The class and commodity rates to Hattiesburg, Laurel, Lumberton, Newton, Ellisville, and Enterprise, Miss., are made the following differentials higher than the rates to Jackson and Meridian, Miss., observing the actual combination as maximum from each of the originating points.

Classes	1	2	3	4	5	6	A	B	C	D		E	H	F	
										C.L.	L.C.L.			C.L.	L.C.L.
Differentials	20	17	15	12	9	6	5	5	12	5	10	12	12	11	24

Commodities	Differentials
Cement and plaster, C. L.	5
Fertilizers, C. L.	5
Flour, in sacks, C. L.	5½
Lime, C. L.	5
Lumber, C. L.	5
Ore, ground iron, C. L.	5
Paint, mineral, C. L.	5
Railroad track material,[1] C. L.	100
Salt, C. L.	5
Slate roofing, C. L.	5
Stone, C. L.	5

For example, the class and commodity rates from St. Louis to Hattiesburg, Laurel, Lumberton, Newton, Ellisville, and Enterprise are made as follows:

Classes	1	2	3	4	5	6	A	B	C	D C.L.	D L.C.L.	E	H	F C.L.	F L.C.L.
Rates from St. Louis to Jackson and Meridian	98	84	70	59	49	43	35	35½	27	25	25	34	55	54	54
Differentials over Jackson and Meridian	20	17	15	12	9	6	5	5	12	5	10	12	12	11	24
Through rates	118	101	85	71	58	49	40	40½	39	30	35	46	67	65	78

Commodities	Flour, in Sacks	Lime	Railroad Track Material[1]
Rates from St. Louis to Jackson and Meridian	21	19	$4.48
Differentials over Jackson and Meridian	5½	5	1.00
Through rates	26½	24	$5.48

[1] Per ton, 2,240 pounds.

CHAPTER XX

RATES TO INTERIOR MISSISSIPPI VALLEY POINTS —Continued

1. From Ohio and Mississippi River Crossings

(a) *To Union City, Tenn.*

Cairo, Ill., is the base point for the class rates to Union City, Tenn., the rates from Cairo being as follows:

Classes...	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates....	38	32	27	22	20	18	15	22	16	12	19	19	32

The class rates from Cairo having been fixed, the class rates from other points of origin to Union City are made by adding the differentials set forth in Table 65 to the class rates from Cairo.

(b) *To Martin and Gibbs, Tenn.*

The class rates to Martin and Gibbs, Tenn., from Ohio River Crossings, Mississippi River Crossings, and other points of origin, except from Memphis and Nashville, Tenn., and the Illinois Central Railroad group, are made the following differentials higher than the class rates to Union City, Tenn.:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Cairo to Union City...	38	32	27	22	20	18	15	22	16	12	19	19	32
Differentials over Union City rates.....	3	3	3	2	2	1	1	1	1	1	1	1	2
Through rates from Cairo to Martin and Gibbs.....	41	35	30	24	22	19	16	23	17	13	20	20	34

TABLE 65

DIFFERENTIALS USED IN CONSTRUCTING CLASS RATES TO UNION CITY, TENN.

From Groups	Differentials in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Memphis	8	8	8	7	5	3	2	2	2	2	2	2	4
Nashville	8	8	8	7	5	3	2	2	2	2	2	2	4
St. Louis-Louisville	28	25	20	15	8	6	8	8	7	5	7	13	14
Evansville	25	22	17	13	6	4	6	6	5	3	5	11	10
Cincinnati	41	36	28	22	14	11	12	14	10	8	11	17	20
Pana	38	31	24	19	15	13	10	10	9	8	12	15	18
Peoria	42	35	28	22	15	13	12	12	11	10	12	17	22
Indianapolis	42	35	28	22	15	13	12	12	11	10	12	17	22
Chicago	45	37	31	24	19	16	14	16	13	11	14	17	26
Milwaukee[3]	6	5	4	3	2	2	2	2	2	2	2	2	4

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]Differentials over the rates from Chicago, Ill.

The same class rates apply from Nashville to Martin and Gibbs as apply from Nashville to Union City.

The same class rates apply from Memphis to Martin and Gibbs as apply from Memphis to Union City.

The class rates from the Illinois Central Railroad group to Martin and Gibbs are made the following differentials higher than the Cairo, Ill., class rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	17	15	13	9	7	5	5	2	4	4	5	5	8

(c) *To Rives, Tenn.*

Except from Nashville, Tenn., the same basis applies to Rives, Tenn., as that shown under the Martin and Gibbs heading.

The class rates from Nashville to Rives are made by applying the same differentials over the rates to Union

City, Tenn., as those used in making the class rates from Ohio River Crossings to Martin, Tenn.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates from Nashville to Union City	46	40	35	29	25	21	17	24	18	14	21	21	36
Differentials over rates to Union City	3	3	3	2	2	1	1	1	1	1	1	1	2
Through rates from Nashville to Rives	49	43	38	31	27	22	18	25	19	15	22	22	38

(*d*) *To Paris, Tenn.*

The class rates from Memphis to Paris are arbitrarily fixed at the following figures:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	50	43	38	32	27	24	22	27	21	15	24	24	42

The class rates from Nashville to Paris are arbitrarily fixed at the following figures:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	45	38	33	27	24	21	17	24	18	14	21	21	36

The rates from Memphis being fixed, the rates from Cairo, Ill., are made the same. From Ohio River Crossings, except Cairo, Ill., and from other points except Memphis and Nashville, Tenn., the rates are made by adding the same differentials over the Cairo, Ill., rates as shown in Table 65 as applying to Union City, Tenn.

(*e*) *To Milan and Humboldt, Tenn.*

Cairo, Ill., is the base point for the class rates to Milan and Humboldt, Tenn., the class rates from that point being as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	50	42	37	31	25	23	19	26	17	13	19	21	34

The class rates from Cairo having been fixed, the class rates to Milan and Humboldt from other points of origin, except from Nashville and Memphis, Tenn., and the Illinois Central Railroad group, are made by applying the same differentials over the rates from Cairo as those shown in Table 65.

The class rates from Nashville to Milan and Humboldt are fixed arbitrarily at the following figures:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	65	56	49	42	31	29	29	33	22	17	25	28	44

The class rates from Memphis to Milan and Humboldt are fixed arbitrarily at the following figures:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	46	40	35	29	25	21	17	24	18	14	21	21	36

The class rates from the Illinois Central Railroad group to Milan and Humboldt are made the following differentials higher than the Cairo class rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	17	15	13	9	7	5	5	2	4	4	5	5	8

(*f*) *To Jackson and Bemis, Tenn.*

Cairo, Ill., being the base point, the class rates from that point to Jackson and Bemis, Tenn., are established as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	58	49	42	35	27	27	26	29	18½	15	22	24	37

The class rates from Memphis, Tenn., to Jackson and Bemis are fixed arbitrarily at the following figures:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	48	42	36	30	24	22	22	25	18½	15	22	22	37

The class rates from other points of origin to Jackson and Bemis are made by adding the differentials set forth in Table 66 to the class rates from Cairo.

TABLE 66

DIFFERENTIALS USED IN CONSTRUCTING CLASS RATES TO JACKSON AND BEMIS, TENN.

From Groups	Differentials in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Nashville	6	5	4	3	3	2	2	2	1½	1	2	2	3
St. Louis-Louisville	28	25	20	15	8	6	8	8	7	5	7	13	14
Evansville	25	22	17	13	6	4	6	6	5	3	5	11	10
Cincinnati	41	36	28	22	14	11	12	14	10	8	11	17	20
Pana	38	31	24	19	15	13	10	10	9	8	12	15	18
Peoria	42	35	30	23	17	15	12	12	11	10	13	17	22
Indianapolis	42	35	30	23	17	15	12	12	11	10	13	17	22
Chicago	45	37	31	24	19	16	14	16	13	11	14	17	26
Illinois Central Railroad	17	15	13	9	7	5	5	2	4	4	5	5	8
Milwaukee[3]	6	5	4	3	2	2	2	2	2	2	2	2	4

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]Differentials over the rates from Chicago, Ill.

(*g*) *To Somerville, Tenn.*

Cairo, Ill., being the base point, the class rates from that point to Somerville, Tenn., are fixed at the following figures:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	64	54	46	38	30	29	23	27	20	16	24	26	40

The class rates from Cairo having been fixed, the class rates to Somerville from other points of origin, except from Nashville and Memphis, Tenn., are made by adding the same differentials to the class rates from Cairo as those shown in Table 66.

The class rates from Nashville to Somerville are arbitrarily fixed the same as those from Cairo.

The class rates from Memphis to Somerville are arbitrarily fixed at the following figures:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	36	31	26	22	19	18	12	17	15	11	18	18	22

(*h*) *To Grand Junction, Tenn.*

Cairo, Ill., being the base point, the class rates from that point to Grand Junction, Tenn., are fixed at the following figures:

Classes	1	2	3	4	5	6
Rates	62	54	44	38	32	27

Classes	A		B		C		D		E	H	F	
	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.			C.L.	L.C.L.
Rates	26	28	29	31	18½	21	17	19	29	34	37	42

The class rates from Cairo having been fixed, the class rates to Grand Junction from other points of origin, except from Memphis, Tenn., are made by adding the differentials set forth in Table 67 to the class rates from Cairo.

TABLE 67

DIFFERENTIALS USED IN CONSTRUCTING CLASS RATES TO GRAND JUNCTION, TENN.

From Groups	Differentials in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[3]
Nashville	11	9	8	6	4	3	3	3	1½	1	3	5	3
St. Louis-Louisville	34	29	24	18	13	11	10	10	7	5	10	17	14
Evansville	34	29	24	18	13	11	10	8	5	3	10	17	10
Cincinnati	43	37	32	25	19	16	14	15	12	8	14	21	24
Pana	38	31	24	19	15	13	10	10	9	8	12	15	18
Peoria	42	35	30	23	17	15	12	12	11	10	13	17	22
Indianapolis	42	35	30	23	17	15	12	12	11	10	13	17	22
Chicago	45	37	31	24	19	16	14	16	13	11	14	17	26
Illinois Central Railroad	17	15	13	9	7	5	5	2	4	4	5	5	8
Milwaukee[2]	6	5	4	3	2	2	2	2	2	2	2	2	4

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]Differentials over the rates from Chicago, Ill.

The class rates from Memphis to Grand Junction are arbitrarily fixed at the following figures:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	41	36	31	26	21	18	18	21	14	12	21	26	28

(*i*) *To Corinth and Ruslor, Miss.*

The base point for the class rates to Corinth and Ruslor, Miss., is Cairo, Ill., from which point the class rates are established as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	62	54	44	38	32	27	26	30	19½	19	29	34	39

The class rates from Cairo to Corinth and Ruslor having been fixed, the class rates from other points of origin, except from Memphis, Tenn., are made by adding the same differentials to the class rates from Cairo as those shown in Table 67.

The class rates from Memphis to Corinth and Ruslor are made by using the Southern Railway (Memphis Division) local station basis on Classes 1 to 6, inclusive, and A, D, E, and H. The rates on other classes are fixed arbitrarily.

The class rates from Memphis to Corinth and Ruslor are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	45	40	35	30	25	20	20	23	14	14	25	30	28

(*j*) *To Holly Springs, Miss.*

The class rates to Holly Springs, Miss., are based on Cairo, Ill., from which point the class rates are fixed as follows:

Classes	1	2	3	4	5	6
Rates	64	56	45	39	32	28

Classes	A		B	C		D		E	H	F	
	C.L.	L.C.L		C.L.	L.C.L.	C.L.	L.C.L.			C.L.	L.C.L.
Rates	26	28	29	18½	21	17	20	29	34	37	42

The class rates from Cairo to Holly Springs having been fixed, the class rates from other points of origin, except from Memphis, Tenn., are made by adding the same differentials to the class rates from Cairo as those shown in Table 67.

The class rates from Memphis to Holly Springs are fixed arbitrarily as follows:

Classes	1	2	3	4	5	6
Rates	35	32	26	23	20	18

Classes	A	B	C		D		E	H	F
			C.L.	L.C.L.	C.L.	L.C.L.			C.L. L.C.L.
Rates	17	19	10½	13	12	13	20	25	21 26

(*k*) *To Tupelo, Miss.*

The class rates to Tupelo, Miss., are based on the class rates from Memphis, Tenn., from which point the rates are established as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	60	50	40	35	28	23	22	26	15½	15	23	29	31

TABLE 68

DIFFERENTIALS USED IN CONSTRUCTING CLASS RATES TO TUPELO, MISS.

From Groups	Differentials in Cents per 100 Pounds Except as Noted													Remarks
	Classes[1]													
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]	
Cairo	8	7	6	6	6	6	4	4	4	4	7	9	8	Over Memphis rates
Nashville	11	9	8	6	4	3	3	3	1½	1	3	5	3	Over Cairo rates
Evansville	34	29	24	18	13	11	10	8	5	3	10	17	10	
Cincinnati	43	37	32	25	19	16	14	15	12	8	14	21	24	
St. Louis-Louisville	34	29	24	18	13	11	10	10	7	5	10	17	14	
Peoria	42	35	30	23	17	15	12	12	10	10	13	17	22	
Pana	38	31	24	19	15	13	10	10	9	8	12	15	18	
Indianapolis	42	35	30	23	17	15	12	12	10	10	13	17	22	
Chicago	45	37	31	24	19	16	14	16	13	11	14	17	26	
Milwaukee	6	5	4	3	2	2	2	2	2	2	2	2	4	Over Chicago rates

[1]Governed by the Southern Classification.
[2]Per barrel.

The class rates from Memphis to Tupelo having been fixed, the class rates from other points of origin are made on the differential basis set forth in Table 68.

(*l*) *To New Albany, Miss.*

The class rates to New Albany, Miss., are the same as the class rates to Tupelo, Miss., from all points of origin, except from Memphis, Tenn., from which the class rates are fixed arbitrarily as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	54	45	34	31	27	21	19	23	15	14	22	27	30

(*m*) *To Ackerman, Miss.*

The base point for the class rates to Ackerman, Miss., is Cairo, Ill., from which point the class rates are established as follows:

Classes	1	2	3	4	5	6
Rates	80	65	50	45	38	35

Classes	A		B		C		D		E	H	F	
	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.			C.L.	L.C.L.
Rates	26	30	32	37	23	28	19	23	30	38	42	50

The class rates from Cairo to Ackerman having been fixed, the class rates from other points of origin, except from Memphis, Tenn., are made by adding the same differentials to the class rates from Cairo as those shown in Table 68.

The class rates from Memphis to Ackerman are fixed arbitrarily as follows:

Classes	1	2	3	4	5	6
Rates	63	51	38	35	29	27

Classes	A		B		C		D		E	H	F	
	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.			C.L.	L.C.L.
Rates	21	25	26	31	18	23	15	19	22	30	32	40

(n) *To Agricultural & Mechanical College, Aberdeen, Binford, Columbus, Maben, Mathiston, Muldrow, Osborn, Starkville, Strong, and West Point, Miss.*

Memphis, Tenn., is the base point for the class rates to Agricultural & Mechanical College, Aberdeen, Binford, Columbus, Maben, Mathiston, Muldrow, Osborn, Starkville, Strong, and West Point, Miss., the class rates from Memphis being as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	72	58	44	39	32	26	24	30	16	16	23	29	32

The class rates from Memphis to Agricultural & Mechanical College, Aberdeen, Binford, Columbus, Maben, Mathiston, Muldrow, Osborn, Starkville, Strong, and West Point having been fixed, the class rates from Cairo, Ill., are made by adding the following differentials to the class rates from Memphis:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	8	7	6	6	6	6	4	4	4	4	7	9	8

The class rates from other points of origin to Agricultural & Mechanical College, Aberdeen, Binford, Columbus, Maben, Mathiston, Muldrow, Osborn, Starkville, Strong, and West Point are made by adding the same differentials to the class rates from Cairo as those shown in Table 68.

(o) *To Winona, Miss.*

Cairo, Ill., is the base point for the class rates to Winona, Miss., the class rates from Cairo being as follows:

Classes	1	2	3	4	5	6
Rates	80	65	50	45	38	32

	A		B		C		D		E	H	F	
	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.			C.L.	L.C.L.
Rates	26	30	32	36	19	21	18	21	30	38	38	42

The class rates from Cairo to Winona having been fixed, the class rates from Memphis, Tenn., are made the following differentials under the class rates from Cairo:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	17	14	12	10	9	8	5	6	5	5	8	8	10

The class rates from other points of origin to Winona are made by adding the same differentials to the class rates from Cairo as those shown in Table 68.

(p) *To Greenwood, Belgrade, Belzoni, Hardcash, Silver City, and Yazoo City, Miss.*

Memphis, Tenn., is the base point for the class rates to Greenwood, Belgrade, Belzoni, Hardcash, Silver City, and Yazoo City, Miss., the class rates from Memphis being as follows:

Classes	1	2	3	4	5	6
Rates	64	54	46	39	32	29

Classes	A		B		C		D		E	H	F	
	C.L.	L.C.L	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.			C.L.	L.C.L.
Rates	22	27	27	31	16	18	15	18	22	32	32	36

The class rates from Memphis to Greenwood, Belgrade, Belzoni, Hardcash, Silver City, and Yazoo City having been fixed, the class rates from other points of origin are made on the differential basis set forth in Table 69.

(q) *To McKenzie, Tenn.*

Cairo, Ill., is the base point for the class rates to McKenzie, Tenn., the class rates from Cairo being:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	41	35	30	24	22	19	16	23	17	13	20	20	34

TABLE 69

DIFFERENTIALS USED IN CONSTRUCTING CLASS RATES TO GREENWOOD, BELGRADE, BELZONI, HARDCASH, SILVER CITY, AND YAZOO CITY, MISS.

From Groups	Differentials in Cents per 100 Pounds Except as Noted													Remarks
	Classes[1]													
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]	
Cairo	17	14	12	10	9	8	5	6	5	5	8	8	10	Over Memphis rates
Nashville	17	14	12	10	9	8	5	6	5	5	8	8	10	
Evansville	12	9	7	6	5	4	2	3	2½	3	3	3	5	Over Cairo rates
Cincinnati	23	20	18	12	11	10	7	10	7	7	8	8	14	
St. Louis-Louisville	15	12	10	8	7	6	4	5	5	5	5	5	10	
Peoria	33	27	20	16	14	12	10	14	11	11	10	11	22	
Pana	33	27	20	16	14	12	10	14	11	11	10	11	22	
Indianapolis	33	27	20	16	14	12	10	14	11	11	10	11	22	
Chicago	33	27	20	16	14	12	10	14	11	11	10	11	22	
Illinois Central Railroad	15	12	10	8	7	5	4	2	2	2	5	5	8	
Milwaukee	6	5	4	3	2	2	2	2	2	2	2	2	4	Over Chicago rates

[1]Governed by the Southern Classification.
[2]Per barrel.

The class rates from Cairo to McKenzie having been fixed, the class rates from other points of origin, except from Nashville and Memphis, Tenn., are made by adding the same differentials to the class rates from Cairo as those shown in Table 65.

The class rates from Nashville to McKenzie are made the same as the class rates from Nashville to Martin, Tenn., viz.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	46	40	35	29	25	21	17	24	18	14	21	21	36

The class rates from Memphis to McKenzie are made the same as the class rates from Nashville to McKenzie.

(r) *To Houston, Miss.*

Memphis, Tenn., is the base point for the class rates to Houston, Miss., the class rates from Memphis being:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	72	58	44	39	32	26	24	30	16	16	23	29	32

The class rates from Memphis to Houston having been fixed, the class rates from other points of origin are made on the differential basis set forth in Table 70.

TABLE 70

DIFFERENTIALS USED IN CONSTRUCTING CLASS RATES TO HOUSTON, MISS.

From Groups	Differentials in Cents per 100 Pounds Except as Noted													Remarks
	Classes[1]													
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]	
Cairo	8	7	6	6	6	6	4	4	4	4	7	9	8	Over Memphis rates
Nashville	11	9	8	6	4	3	3	3	1½	1	3	5	3	Over Cairo rates
Evansville	34	29	24	18	13	11	10	8	5	3	10	17	10	
Cincinnati	43	37	32	25	19	16	14	15	12	8	14	21	24	
St. Louis-Louisville	34	29	24	18	13	11	10	10	7	5	10	17	14	
Pana	34	28	23	17	14	13	10	9	9	7	12	15	18	
Peoria	38	32	29	21	16	15	12	11	11	9	13	17	22	
Indianapolis	38	32	29	21	16	15	12	11	11	9	13	17	22	
Illinois Central Railroad	17	15	13	9	7	5	5	2	4	4	5	5	8	
Chicago	41	34	30	22	18	16	14	15	13	10	14	17	26	
Milwaukee	6	5	4	3	2	2	2	2	2	2	2	2		Over Chicago rates

[1]Governed by the Southern Classification.
[2]Per barrel.

2. FROM POINTS IN SOUTHEASTERN TERRITORY

(a) *From Chattanooga, Tenn.*

To Union City, Tenn.—The rates are made the following differentials over the rates from Chattanooga to the Paris, Tenn., group:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M	N	O
Differentials	3	3	3	2	2	1	1	1	1	1	1	1	2	1	1	1	1	1

To Gibbs, Martin, Paris, and McKenzie, Tenn.—The rates are made not less than the rates from Louisville to Martin.

To Rives, Tenn.—The rates are made the same differentials over the rates to Union City as were used in mak-

ing the rates from Nashville to Rives as compared with Union City.

To Milan, Humboldt, and Jackson, Tenn.—The rates are made not less than the rates from Louisville to Jackson, Tenn.

To Grand Junction, Tenn., and Corinth, Miss.—The rates are made not less than those from Cairo, applying the less-than-carload rates on lettered classes, except that the rates from Cairo made on the Memphis combination do not apply from Chattanooga, nor are the rates to Grand Junction to be less than those to Corinth except when made on the Memphis combination.

To Holly Springs, Miss.—The rates are made not less than those from Nashville, except that the Nashville rates made on the lowest combination do not apply from Chattanooga.

To Tupelo, Aberdeen, West Point, Starkville, Columbus, Winona, Greenwood, Belzoni, and Yazoo City, Miss.—The rates are made the same as those from Nashville.

To New Albany, Miss.—The rates are made the same as those to Tupelo, Miss.

To Houston, Maben, and Mathiston, Miss.—The rates are made the same as those to Aberdeen, with continuous locals or the lowest combination as maxima.

(*b*) *From Birmingham, Ala.*

To Union City, Paris, and McKenzie, Tenn.—The rates are made as much higher than the rates to Jackson, Tenn., as the rates from Cairo to Union City, Paris, and McKenzie, respectively, are lower than the rates from Cairo to Jackson.

To Gibbs, Martin, and Rives, Tenn.—The rates are made as much higher than the rates to Jackson, Tenn.,

as the rates from Cairo to Gibbs, Martin, and Rives, respectively, are lower than the rates from Cairo to Jackson.

To Milan, Humboldt, and Jackson, Tenn.—The rates are made not less than those from Chattanooga.

To Grand Junction, Tenn., and Corinth, Miss.—The rates are made the same as those from Nashville, but not less than those to Memphis.

To Holly Springs, Miss.—Specific rates are checked in.

To New Albany, Miss.—The rates are made the locals of the Frisco Line, with the rates to Holly Springs as maxima.

To Tupelo, Aberdeen, West Point, Starkville, Columbus, and Winona, Miss.—The rates are made the following differentials under the rates from Chattanooga, but not higher than the lowest combination or the local scales of a continuous line.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	5	4	4	3	3	2	2	2	2	2	2	4

To Houston, Maben, and Mathiston, Miss.—The rates are made the same as those to Aberdeen, but do not exceed the lowest combination or the local rates of a continuous line.

To Greenwood, Miss.—The rates are made the following differentials less than the rates from Chattanooga, with the rates to Winona, Miss., as maxima.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	5	4	4	3	3	2	2	2	2	2	2	4

To Belzoni, Miss.—The rates are made the same as those to Yazoo City.

To Yazoo City, Miss.—The rates are made the following differentials less than the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	5	4	4	3	3	2	2	2	2	2	2	4

(c) *From Knoxville, Tenn.*

To Grand Junction, Tenn., and Corinth, Miss.—The rates are made the following differentials over the rates from Chattanooga, with the local rates of the Southern Railway as maxima.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	25	20	18	15	12	10	8	11	10	9	14	13	17

To Junction Points North of Grand Junction and Corinth.[1]—The lowest combination or continuous local rates prevail.

To Junction Points South of Grand Junction and Corinth.[1]—The rates are made the following differentials over the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	12	9	7	6	5	4	3	3	3	3	3	3	6

(d) *From Rome and Dalton, Ga.*

To Grand Junction, Tenn., Corinth, Miss., and Junctions North Thereof.—The rates are made on the lowest combination, but do not exceed the local rates of any continuous line.

To Junctions South of Grand Junction and Corinth.—The rates are made the same as those from Chattanooga, but not higher than the lowest combination or the local scale of a continuous line.

(e) *From Atlanta, Ga., and Group*

To Grand Junction, Tenn., and Corinth, Miss.—The rates are made the same as those to Memphis, Tenn., except that the rate on Class A is arbitrarily fixed.

[1]From Montgomery and Selma, Ala., specific rates are checked in, which, in a general way, are made with due regard to the local scales, the lowest combination, and the rates from Birmingham and other centers.

To Junctions North of Grand Junction and Corinth.—The rates are made on the lowest combination, but are not in excess of the local rates of any continuous line.

To Holly Springs and New Albany, Miss.—The basis is the same as that stated to Corinth.

To Other Junctions.—The rates are the same as those from Chattanooga, but are not higher than the lowest combination or the local rates of a continuous line.

(*f*) *From Augusta and Athens, Ga.*

To All Junctions.—The rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	5	4	4	3	3	2	2	2	2	3	4	4

(*g*) *From Macon, Ga.*

To Junctions North of Jackson, Tenn.—The rates are made on the lowest combination.

To Jackson and Grand Junction, Tenn., Holly Springs, New Albany, Corinth, Tupelo, Aberdeen, West Point, Columbus, Houston, Maben, Mathiston, Winona, and Greenwood, Miss.—The rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	5	4	4	3	3	2	2	1	1	3	4	2

To Starkville, Belzoni, and Yazoo City, Miss.—The rates are made the following differentials higher than the rates from Atlanta:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	3	3	3	2	2	2	2	2	1	1	2	2	2

(*h*) *From Milledgeville, Ga., and Group*

To All Junctions.—The rates are made the same as those from Macon.

(*i*) *From Columbus, Ga.*

To Grand Junction, Tenn., Holly Springs, New Albany, Corinth, Tupelo, Aberdeen, West Point, Columbus, Houston, Maben, Mathiston, Starkville, Winona, and Greenwood, Miss.—The rates are made the same as those from Atlanta.

To Belzoni and Yazoo City, Miss.—The rates are made the same as those from Atlanta, but not higher than those from Chattanooga.

To Other Junctions.—The lowest combination prevails.

(*j*) *From Other Points in Southeastern Territory*

Rates from some of the common points not specifically set out are made with relation to the foregoing. Otherwise, the lowest combination generally prevails, with the local scales of any continuous line as maxima. The rates on manufactured commodities, however, whether produced at local or competitive points, are, as a rule, given rates in close relation to those from some one or the other of the basing points whose rates are defined in the foregoing.

3. From Trunk Line Territory

From Trunk Line Territory, the basis of the lowest combination prevails, proportional rates, in some cases, being a factor.

ɔM CENTRAL FREIGHT ASSOCIATION TERRITORY

Central Freight Association Territory, except
ded in the foregoing, and from points west
Mississippi River, through rates are made on
st combination.
ombination may make through the various Mis-
River Crossings and Ohio River Crossings and
ıtes considerable figuring in order to determine
st basis on combination that can be employed to
advantage.

CHAPTER XXI

ADJUSTMENT TO KENTUCKY-TENNESSEE TERRITORY

1. Description

This territory may be defined as that being bounded on the east by the main lines of the Louisville & Nashville Railroad, through Middlesboro, Ky., to Knoxville, Tenn., and thence to the Tennessee-Georgia state line; on the west by the lines on and east of the Illinois Central Railroad and the Mobile & Ohio Railroad from Cairo, Ill., through Jackson, Tenn., to Corinth, Miss.; on the south by the southern boundary of Tennessee, but not including Chattanooga, Tenn.; and on the north by the Ohio River. With the exception of the junction points along the border, the rates to points within this group are essentially within the control of the railroads serving it, modified by the stress of river competition only in the case of Nashville and Clarksville, Tenn., and Frankfort, Ky.; that is to say, there is not the competition of groups of roads, each serving widely removed sections of the country, such as is found in the southeast.

2. To Central Kentucky Junction Points

To Frankfort, Ky., the rates from Louisville are held to a comparatively low basis by the force of boat competition, affording through service. The Kentucky River is navigable all the year, having been improved

by the government to afford slack water from its mouth to Lock No. 13 near Beattyville, Ky., a distance of 240 miles. There is also water competition down the Ohio River from Cincinnati, but as there has not been through boat service from that city, the rail lines have been able to place their rates therefrom on a higher basis than from Louisville, commensurate with the greater rail distance.

To Lexington, Ky., the principal city east of Louisville, and located about equidistant from Cincinnati and from Louisville, the rates from these larger cities are equal. They measure lower than the corresponding local scales of the competing lines, being the development of competition through a long period of years between the interested rail lines, aided somewhat by the commercial position of Lexington.

The rates to other of these junction points—Paris, Georgetown, Midway, Versailles, Nicholasville, Richmond, Winchester, Junction City, and Shelbyville—from Louisville and Cincinnati are all somewhat lower than would be produced by the corresponding local scales of the lines serving them; the differences (except in the case of Winchester) are not so marked as in the Lexington rates. The rates developed are the logical outcome, as in the case of Lexington, of the efforts of the railroads serving these places, each endeavoring to secure the maximum possible amount of freight handled by these cities. For illustration, suppose that one line was in a position to compete more successfully from or via Louisville, and another, from or via Cincinnati; the geographical location in the one case would favor Louisville and, as a result, the Cincinnati line would have to reduce the rates in order to bring about a better commercial relationship with Louisville than would be afforded by strictly regarding distances as

the measure of the relative rates. At another junction point, the reverse conditions would apply. Then, again, the necessity of keeping the adjustment of rates at one junction point in fair alignment with that at another was a cause tending to a lowering of the rates that would otherwise have been applied.

From the South, the rates to Lexington are invariably no higher than the rates to Cincinnati, and while the mileage tariff or the lowest combination is generally the prevailing basis to the other junction points, this affects only a minor amount of the southern traffic reaching those places, as on the heavier and highly competitive movements the rates are made the same as those to Louisville or to Cincinnati, or slight differentials higher.

From the East, the rates to Lexington and Winchester are on the Trunk Line basis, being made so by the Chesapeake & Ohio Railway, which reaches both of these points and which follows that basis to all of its stations. Otherwise, the basis from the Western Termini of the Trunk Lines and points east thereof and from the Virginia Cities is the lowest combination. This is the basis also observed from the Ohio River Crossings west of Louisville and from all points in the North and in the West.

3. To West Kentucky Junctions—Central City, Hopkinsville, Morganfield, Nortonville, Gracey, and Elizabethtown

Generally, the rates between these points and the Ohio River Crossings and St. Louis are below the measure of the corresponding local scales of any one of the lines serving these points. The rates have been built up, however, on the local basis from the nearest

Ohio River city, the lower class or commodity rates of any of the railroads serving them being fixed as the rates of all. Some attention, of course, has been paid, in making this adjustment, to the commercial situation of the terminal city with respect to the surrounding territory. The rates from the nearest point having been checked in, the rates from the more distant junctions are then made on a more or less arbitrary basis, worked out by the interested lines, each making proper allowances for the paramount interests of the others; such rates are mostly below the level of the local scales.

From points in the South, the rates are generally made on the lowest combination, but on many of the important commodities, conditions have brought about fixed through rates which closely approximate those to the more highly competitive points in the general territory. Much the greater portion of the tonnage handled from the South is on the latter-named rates. While the basis is the mileage tariff or the lowest combination, as the case may be, on the articles produced at these junctions, the outbound rates are the same as, or slight differentials higher than, the corresponding rates from the Ohio River.

To and from points in the North, West, and East, the basis is the lowest combination, the only exceptions being a few specific commodity rates which are lower than the basis produces.

4. To Nashville and Clarksville, Tenn.

These points are located on the Cumberland River, and, as cities in the South go, have considerable age and history. Long before there were railroads reaching either, they were towns of importance. Nashville, particularly, was a trading and distributing center,

using the river as its principal highway, reaching northward until it met the force of Louisville competition, westward where it strove with Memphis and St. Louis, and southward beyond the Tennessee River. Within this wide territory its principal competitor was Clarksville.

Clarksville is the center of the so-called dark tobacco district, and it has always striven, as has Nashville (but not as successfully), to do a distributing trade. Its outward business of tobacco has always been important.

When the Louisville & Nashville Railroad was first built into Nashville, the rates at the time, and for a considerable period thereafter, were applied under a progressive mileage tariff. The railroad found, however, that it was not successful in competing for traffic between Nashville and the Ohio River and beyond with the numerous boat lines, which gave through service between Pittsburgh, Cincinnati, Louisville, St. Louis, Memphis, and New Orleans. To control a share of the trade, particularly that to and from Louisville and Cincinnati and beyond, the railroad first reduced the rates on some of the important commodities, gradually extending the list, until finally it was endeavoring to meet the boat competition with rates somewhat higher than the corresponding water rates, on all commodities. The boat rates were not stable. There was keen competition among them, and it was the practice of the masters or the officials to make a rate sufficiently low to control any lot of freight offered.

There is a photograph in existence, taken about fourteen years after the completion of the first railroad from the North, showing the wharf at Nashville absolutely crowded with boats, some lying in midstream waiting their turn to make a landing; and it

is not surprising under such a condition that the rates were unstable and traffic often handled at a loss. The existing abnormally low rail rates are the crystallization of the fierce competition between the water lines and of the efforts of the railroads to control a share of the available traffic.

After the railroad was completed to Clarksville it was not much stronger in controlling a fair share of the tonnage at that point than had been the case of the Nashville line; in fact, as late as 1872 it was handling only about 10 per cent of the total inbound and outbound tonnage, although it made the same net rates as given Nashville.

After the rail lines were constructed to Evansville and on to St. Louis and between Cincinnati and Louisville, Evansville was given, approximately, the same rates as Louisville, the cost of transfer over the Ohio River being added, and the rates from St. Louis were made as much higher than the rates from Evansville as the all-water transportation admitted. The rates from Cincinnati were made by adding to the Louisville rates figures fairly representative of the cost of shipping by water to Louisville plus the cost of transfer from wharf to depot at Louisville.

The keenness of the water competition has greatly subsided, due, in the first place, to the cut-throat competition among the boat lines themselves and, in later years, to the gradual development of rail facilities, affording a preferable character of transportation. Nevertheless, the railroads have not been able to make any general advances in these rates because of the potentiality of the water competition and because Nashville's trade has been developed by the low rates which it was able to force by means of the water competition.

The rates between Nashville and all the competitive

territory southward are made differentials below the rates to and from Louisville, as has heretofore been described.

The first rail line at Nashville was the one reaching Chattanooga. This road began developing a through traffic in connection with the river lines, charging its full rate from Nashville. It continued its working relations with the boat lines for quite a period following the construction of the railroad from the north. On through traffic exchanged with the northern road, it continued to charge its local rate, or the same as it was charging the boats. This arrangement naturally gave Nashville a rather commanding position in the matter of relative freight charges, in that the charges paid by Nashville at points south of it were equal to those paid by competing cities using the Nashville route. With the beginning of the development of the through rate fabric from the West to the South, and the fixing of the relationship of one city with another on a fair basis, Nashville lost some of this position, but the lines serving it towards the South were able to control the conditions to a considerable extent. While, therefore, the Nashville differentials under the rates from Louisville are today materially less than the rates between Nashville and the Ohio River, they are wider than is found generally in the South, when the geographical relation of one city with another is considered.

The rates from New York to Nashville are fixed figures, reflecting the rail charges from the East to Pittsburgh and Cincinnati and thence the water charges, as well as the extraordinarily keen competition of the Trunk Lines for western traffic which occurred in the two decades following the year 1870. The rates from interior eastern points and from the

Virginia Cities are on the usual Trunk Line relation with the rates from New York. There are also through rates eastbound which are likewise a crystallization of competitive conditions. The rates between Buffalo-Pittsburgh, Central Freight Association, and Western territories on the one hand and Nashville on the other hand, are on the lowest combination through the Ohio and Mississippi river gateways.

5. To Middlesboro, Ky., and Cumberland Gap and Jellico, Tenn.

The Louisville & Nashville Railroad Company, until a few years ago, had no lines beyond the Tennessee state line in this direction. The Southern Railway and its predecessors, however, had branches extending northwardly from Knoxville, Tenn. The rates between Louisville and Jellico, Tenn., were reduced at different times because of the competition from and via Knoxville. It was found practicable to carry slightly higher rates to Middlesboro, Ky., and to Cumberland Gap, Tenn., than to Jellico, Tenn., but recently the Interstate Commerce Commission has reduced the rates to Middlesboro to the Jellico basis.[1]

The rates from Louisville having been fixed, the rates from points related thereto and from the Cincinnati group and Lexington were made the same. The rates from Evansville, Ind., Owensboro and Henderson, Ky., and St. Louis, Mo., were made on the basis of the Carolina differentials as related to the adjustment from Louisville.

Speaking generally, the rates between these border points and other places in the general territory are made on the lowest combination, but do not exceed the

[1] I. C. C. Docket Nos. 4744, 4745, and 4746, Opinion 2304.

mileage scale of a continuous line. There are numerous exceptions, however, made to meet the particular conditions of the traffic involved and, as a result, these places have been given a fair adjustment on the traffic in which they are particularly interested, considering the conditions under which the traffic is handled and the adjustment at other places.

6. To Harriman, Harriman Junction, and Rockwood, Tenn.

When the original Act to Regulate Commerce became a law, the management of the Cincinnati, New Orleans & Texas Pacific Railway determined, so far as its own traffic was concerned, to observe literally the long-and-short-haul provision of that law. As it was not able to secure an advance in the rates between Cincinnati and Chattanooga, it adopted the existing rates between those places as its maximum local for the distance and then scaled the tariff downward for the lesser distances. The rates from Cincinnati and related points to these junctions, with some necessary exceptions, are, approximately, on the basis of the very low local tariff. The rates from Louisville and group are the same, and from the lower Ohio River Crossings and St. Louis the rates are made Carolina differentials as related to the adjustment from Louisville.

To and from points in the South, the general basis is the lowest combination, but not exceeding the mileage scale of a continuous line. However, just as in the case of Middlesboro, there are important exceptions.

From Trunk Line and interior territories the rates are made the same as those to Chattanooga.

From Central Freight Association and Western territories, the basis is the lowest combination.

7. To Knoxville, Tenn.

The original rates to and from the Cincinnati and Louisville groups were the same as the corresponding rates between these Ohio River cities and Chattanooga. When the Interstate Commerce Commission ordered the rates to Chattanooga reduced,[2] a like reduction was not made to Knoxville. The rates from the lower Ohio River Crossings, Memphis, Nashville, etc., are made on the Carolina differentials as related to the adjustment from Louisville.

The all-rail and rail-and-water rates from New York are fixed figures, which are less than the corresponding rates to Chattanooga. The rates from the other Eastern Cities, interior eastern points, and the Virginia Cities are made the southeastern relationship to the rates from New York.[3] From Buffalo-Pittsburgh Territory the same basis is applied as that to Southeastern Territory generally.

The rates from Knoxville to points in Carolina Territory south of the Walhalla line are the following differentials higher than the rates from Chattanooga, except that the rates so made must not exceed the rates from Nashville.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	12	9	7	6	5	4	3	3	3	3	3	3	6

To points north of the Walhalla line, with the exception of a few stations, the rates are made the same as those from Chattanooga.

The rates from Knoxville to points in the southeast are generally made the following differentials over the

[2] 18 I. C. C. Rep., 440.
[3] See Chapter X.

rates from Chattanooga, with the Nashville rates or the lowest combination as maxima.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	12	9	7	6	5	4	3	3	3	3	3	3	6

The commodity rates are made 3 cents over the rates from Chattanooga.

(*a*) *From Mississippi Valley Territory*

From New Orleans, La.—The rates are made the Carolina differentials over the rates from Louisville to Chattanooga.

From Vicksburg, Natchez, Greenville, Jackson, and Gulfport, Miss.—The rates are made the same as those from New Orleans.

From Mobile, Ala.—The rates are made the following differentials under the rates from New Orleans:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	10	5	5	4	4	4	4	5	10	8

From Pensacola, Fla.—The rates are made the same as those from Mobile.

From Helena, Ark.—The rates are made 1 cent per 100 pounds higher than the rates from Greenville, Miss.

From Ellisville, Hattiesburg, Laurel, and Newton, Miss.—The rates are made the same as those from Vicksburg.

From Central Freight Association and Western Territories.—The lowest combination through the Ohio and Mississippi river crossings prevails.

8. To Morristown, Tenn.

From Louisville, Ky., and Cincinnati, Ohio.—The basis is the lowest combination, using as base points

Bristol, Chattanooga, Knoxville, and Harriman Junction, Tenn., but not exceeding combinations of rates using the following base rates to Jellico:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	58	50	44	35	28	22	13	21	16	15	25	29	31

and the following base rates to Bristol:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	74	60	45	34½	29	23½	23½	29	23½	23½	28	36	47

plus the full rates from Jellico and Bristol, respectively. The Asheville, N. C., rates apply as maxima.

There are various commodity exceptions to the above basis.

From Evansville, Ind.—The rates are made the Carolina differentials over the rates from Louisville.

From St. Louis, Mo.—Where rates from Louisville are made on the Chattanooga, Harriman Junction, Jellico, or Knoxville combination, the rates from St. Louis are made the southeastern differentials over the rates from Evansville, or the Carolina differentials over the rates from Louisville, whichever basis produces lower rates. Where rates from Louisville are made on the Bristol combination, or by use of the Asheville maxima, the rates from St. Louis are made the Carolina differentials over the rates from Louisville.

From Memphis, Tenn.—The rates are made the Carolina differentials as related to the adjustment from Louisville.

In Opinion 1966, in the case of the Board of Trade of Morristown, Tenn., *et al.*, v. the Atlantic Coast Line Railroad Company, *et al.*, the Interstate Commerce Commission held:

> * * * Upon consideration of all the facts before us in these two proceedings our conclusions are, and we therefore

find, that Morristown and other points intermediate Bristol and Knoxville on the direct line via Bristol are entitled to rates from New York City and other eastern points not in excess of rates contemporaneously in effect from such points to Knoxville, Tenn. * * *

Rates have been established accordingly.

From Central Freight Association and Western Territories.—The lowest combination applies.

9. To Johnson City, Tenn.

From Cincinnati and Louisville Groups.—The rates are made on the lowest combination, using the following base rates to Bristol, Tenn.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	74	60	45	34½	29	23½	23½	29	23½	23½	28	36	47

From Evansville, St. Louis, and Memphis Groups.—The rates are made the Carolina differentials as related to the adjustment from Louisville.

The Trunk Line rates are the same as those to Morristown, Tenn., but not exceeding the lowest combination.

From Central Freight Association and Western Territories.—The lowest combination prevails.

10. To Local Stations

The rates between the Ohio River cities and local stations in this territory are made under the respective local scales of the several lines. Although there are some unimportant exceptions, there is no general attempt to adjust the rates to and from one center on a differential basis as compared with a nearer one, with the exception that in the case of the rates to and from Louisville via the Southern Railway and local stations

on the Cincinnati, New Orleans & Texas Pacific Railway there is a definite relationship with the corresponding rates to Cincinnati.

Between these local stations and points in the South, the general basis is the combination of the local scales of continuous lines.

To and from points in Trunk Line, Carolina, Central Freight Association, and Western territories, the basis is the lowest combination.

There are exceptions in the case of articles which are produced or manufactured at these local stations when, as has been described elsewhere, competitive rates are established in relation to those that are obtainable from other producing points or territories or from towns manufacturing like commodities.

CHAPTER XXII

COMMODITY ADJUSTMENTS

1. Competitive Adjustments

The force of all of the competitive conditions heretofore described has gradually resulted in commodity rates that are less than would apply under the class ratings, these rates being established to the large centers, which, in point of number, specially marks out Southern Territory. With the exception of Trans-Continental and Southwestern territories, no other section of the country works under such large lists of commodity rates. This condition is particularly true as concerns the tariffs to the large common points. For illustration, on March 1, 1914, there were carried to Atlanta the following number of commodity items: From Louisville, 169; from New York, all-rail, 80; rail-and-water, 92; from Savannah, 63; and from New Orleans, 154. From St. Louis to New Orleans the commodity tariffs had 207 items.

A factory in the South having to secure its raw or semi-manufactured materials from outside territory, competing with factories much nearer the original sources of supply and shipping to outside as well as to interior territory, in competition with the more favorably situated industries, necessarily has to have a competing adjustment. The class rates in such a case would probably be too high, and relief in the form of comparatively low commodity rates is warranted. There

may be a kindred factory at some other place in the territory, which is doing a local and a modest outside business and which, securing its supplies from the same source, demands that it be given a corresponding reduction, although such might not be essential except that the large factory would otherwise have a dominance in the second factory's own territory.

The prevalence of water competition, perhaps, has been the strongest factor in bringing about commodity rates, particularly those covering manufactured articles and food supplies; wherever there is a commodity important in the amount of its movement, there will be found special rates ranging, in a greater or less degree, below the measure of the corresponding class rates. For illustration, the great sugar refineries on the north Atlantic coast, drawing their supplies of raw sugar by sea, compete with the Louisiana refineries, using local raw material, and with the beet sugar refineries in the Central West. These refineries, because of the volume of their business, are able to secure very low commodity rates by sea to Savannah, Charleston, etc., whence the sugar is handled into the interior on comparatively low rates. The lines serving New Orleans and the Ohio River naturally desire to see the producers in their sections share in the traffic. As the class rates are too high to attain this object, commodity rates are established to the places thus able to secure low rates; then, as the market competition between the cities further inland and those near the coast makes itself felt, the former are able to secure a reduction in their respective rates on sugar.

The very low all-water class rates from the East to New Orleans do not necessarily estop or minimize the movement from the West of certain articles of common production under class rates; as to articles the move-

ment of which is large, the value relatively low, and the margin of profit small, the movement from the West on the class basis is prohibited. Thus, a commodity rate is brought about which is sufficiently low to enable the traffic to be handled freely.

In some instances, the lack of necessity therefor does not cause a commodity rate made to a particular point to be extended to other destinations on a relative basis. For example, a place like Atlanta has a larger number of commodity rates than has a smaller point like Albany. The interested carriers, however, are always ready to make a proper reduction at Albany should the necessity arise.

To local or non-competitive points, the same principles which bring about commodity rates to competitive points are also active, except that, due to natural conditions, there is a lack of necessity for any number of commodity items being published to these smaller stations. Should a factory at a local station between Macon and Atlanta require raw material from the West to enable it to compete successfully, rates will be established on about the same plane that would be established to Macon, the further distant competitive point. In the case of commodities, however, which are merely for distribution or consumption, the same method of making the through rates is employed as in connection with the class rates.

The outbound commodity rates from Southern Territory are not nearly so numerous as the inbound commodity rates. They are chiefly on natural or manufactured products which come into competition with the same or similar commodities produced at the outside places. Rates may be made to the East on a basis sufficiently low, if such is the requirement, to enable a free movement as against the same commodities produced in

the East; or a somewhat higher proportionate measure of rates may be made to the East because the competition that is to be met originates in the Central West and not in the East. The rates to the Ohio River Crossings are usually measured by the force of competition at the Ohio River, either locally or from like producing centers in the North. They are, in instances, somewhat lower than might be necessary to meet the local competition at the Ohio River, but as they are to be used in basing through rates to points north they are calculated accordingly.

Between points of origin there is a definite relationship just as exists in connection with the class rates, but there is not always the same relationship as between points of destination. While usually the relationship is carried out at the Ohio River, the rates to Memphis and New Orleans may be proportionately higher than would be the case under the southbound adjustment. Then, again, there is often to be observed lower relative rates to the East than to the West, or *vice versa*.

2. Commodity Adjustments on Unusual Bases

While, in a broad sense, the commodity rates from Southern Territory follow very closely the general relationship between points of origin and between points of destination that has heretofore been described, there are some notable exceptions.

(*a*) *On Lumber*

The real beginning of the development of the vast yellow pine resources of the South had its inception only thirty years ago, at a time when the forests of Michigan and Wisconsin were supplying the bulk of

the lumber used for common purposes. In the beginning, of course, the cutting of the timber was adjacent to the lines of railroad which were then in existence, and it was not until the supply was exhausted that branch roads for further development were built. At this time, yellow pine lumber was not generally known in the North and East, where the consumption of lumber was the greatest; the railroads more favorably situated made such rates as seemed best suited to induce a movement; the lines further removed were compelled to make somewhat higher rates to the North and West, but secured some advantages to the East, or the reverse, as the case was. The rates over a section of a given road would, however, be "blanketed."

After the southern product had become better known in the consuming territories, the stress of competition between the mills in the various sections and on different railroads, and the development of the production in Arkansas, Louisiana, and Texas, led to the adoption of a more coherent and satisfactory system of rates.

In the settlement of the existing rate situation in the South, so far as the destinations beyond the Ohio and Mississippi rivers are concerned, the producing territory was divided into groups or zones: the upper one bounded on the north by the limit of growth (roughly, near the southern boundary of Tennessee) and extending as far south as Vicksburg, Meridian, Montgomery, etc., and from the Mississippi River to the Savannah River and the sea; south of this group there was another, also extending across the territory, which was given a rate slightly higher, and so on. All producing points in each of these zones had the same rates.

In the competitive situation, the pivotal point was Cairo, Ill., which was the main basing point of the southwestern lines in making the rates to competitive

territory north. From the upper belt described, the rate to Cairo was the same as from the corresponding section west of the Mississippi River, but as the competition lessened as it proceeded east from Cairo, higher rates were made to the upper Ohio River Crossings. The rates to Evansville are higher than those to Cairo; the rates to Louisville are higher than those to Evansville; while the highest rates of all are found at Cincinnati. The through rates to points beyond the Ohio River are made on the lowest combination and apply via such junctions as best suit the physical requirements of the lines handling.

To Trunk Line Territory, the measure of the rates was worked out under entirely different conditions. The first production of yellow pine lumber and timber which sought the eastern market originated not very far west of the South Atlantic Ports and secured water transportation up the coast. To enable mills further in the interior to compete, the lines having long hauls towards the Potomac Gateways had to make comparatively low rates. Thus, mills as far removed as the Alabama-Georgia line have approximately the same adjustment as those much nearer the coast. The all-rail rates are adjusted to be somewhat higher than the rail-and-water rates, and the relationship between the all-rail rates to the North Atlantic Ports and the interior is measured by the differences in the proportions north of the gateways. If, for instance, the proportion from Richmond to an interior point in New York state is 3 cents higher than the proportion to New York City, the through rate will be that figure higher than the rate to the port.

To points intermediate to the border gateways, it had been the practice to apply rates which were made sometimes the same as the rates to the gateway beyond,

but more often a differential greater, or on the lowest combination. These contraventions of the long-and-short-haul principle have all been placed before the Interstate Commerce Commission and some have been adjudicated. The principal revision required was to make the rates to points intermediate to the Ohio River no greater than those to the more distant point.

The development of the hardwood section, which, mainly, is in Tennessee and Kentucky, began prior to any substantial movement of the yellow pine product. There are small sections of hardwood growth at various points in the yellow pine region; in Mississippi, however, they are of considerable size, but the development of such was not until a later date and has been usually coincident with the cutting of the pine. From the greater portion of the yellow pine district it has been the practice to carry the same rates on all classes of lumber as on yellow pine. There are exceptions, however, where the rates are made slight differentials higher, and in the case of gum and cottonwood slight differentials lower. From the old hardwood sections of Tennessee and Kentucky, the rate structure has been of a gradual development and, of course, the figures are considerably lower than from the section further south. These rates also have been, or are being, passed upon by the Interstate Commerce Commission, which has in view the requirement to conform to the long-and-short-haul principle or to secure authority for legal variance therefrom.

(*b*) *On Cotton Goods*

The manufacture of cotton in the South is today one of the most important developments of southern industry. Prior to 1880 there were but few mills in the

South, but now they are a most important factor in its manufactures. The present-day adjustment takes into account the old dominance of the New England mills. As the center of the competition in the Central West was Chicago, the same rate was made from the mills in central and northern Georgia and Alabama to Chicago as from Boston. A proportional rate to the Ohio River was arrived at by deducting from the Chicago rate the proportion required by the lines north of the river. This proportional rate is used in basing through rates to all points north of the Ohio River. The rate to the Ohio River Crossings, proper, was made by using the same rate to Cincinnati as from Boston and applying it also to the other cities. The rate from the same section to the East was fixed as low as could be successfully operated. The mills in the Carolinas are in two groups and carry lesser rates to the East than from those in Georgia; to the West they pay higher rates than do the Georgia mills.

There are a number of commodities produced or made in various sections of the South which have rates made to suit the conditions peculiar to each.

(*c*) *On Mica*

Mica is mined in a comparatively small area of North Carolina, and rates are made under the principle of affording a free movement.

(*d*) *On Furniture*

Furniture from the great manufacturing section of North Carolina is given rates, in all directions, to enable a free movement against a similar production, principally in the Grand Rapids, Mich., section. Furniture

rates from a number of other points in the South where the production is small, comparatively speaking, are made on the same principle, but keeping in mind, to a considerable extent, the dominating influence of the rates from High Point, N. C.

(*e*) *On Pig Iron*

Pig iron rates from furnace points in Alabama and Tennessee to destinations within the South are made as low as a commodity of this sort would warrant. To the North and East, where much the greater consumption of southern iron is found and where the great furnace centers of the country are located, the rates necessarily have to be adjusted to afford as free a movement into that territory as possible considering the keen competition. Comparing the rates to the North and into the interior South from a distance point of view, it would seem that the latter are fairly adjusted. The theory here is to admit of the manufacturers of iron competing with those of other sections which have more favorable conditions.

It seems unnecessary to describe more of these adjustments, which might be termed isolated ones, because to do so would be a mere repetition of facts.

CHAPTER XXIII

THE LONG-AND-SHORT-HAUL PROVISION OF THE FEDERAL LAW

1. Early Violations

There is perhaps no feature of the Act to Regulate Commerce that has been the occasion of so much litigation as the fourth section thereof,[1] which, as originally enacted on February 4, 1887, provided, in part, as follows:

> That it shall be unlawful for any common carrier subject to the provisions of this Act to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, under substantially similar circumstances and conditions, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance.

To appreciate the necessity of this legislation, it becomes necessary to give a brief resume of the conditions that obtained relative to this feature of our commerce prior to the passage of the Act.

To begin with, the transportation interests prior to this time had not been welded into a great system but were composed of various independent units, each with a differing policy or interest to serve, which was deemed by it as paramount to all others.

Again, by far the greatest amount of traffic moved then as it does now from the Middle West to the Atlantic Seaboard. As the traffic of the products of

[1]Reproduced in Appendix A.

the mines, of the forests, and of the farm moved in immense volume, all lines desired to enjoy a share of this trade and the means employed in some cases in obtaining it were questionable, to say the least. Secret rate-cutting was usually employed by the weaker lines to increase their share of tonnage or to favor a particular shipper. It was not unnatural for the traffic manager of some road, therefore, upon learning that the products of a particular mill, industry, or district were moving entirely by way of a competing line, to assume that his rival was not adhering to the agreed rates and to go "shopping" on the account of his own line, offering such inducements as were necessary to divert the traffic to his line. The policy, however, of all the stronger lines in the territory was to meet this form of competition by open reductions, which meant a horizontal lowering of all rates; that is, the intermediate non-competitive points would enjoy the same rates as those to the competitive point.

That this condition of affairs existed was not attributable to the carriers alone, as is evidenced by the fact that many of the large industries, packing house interests, millers, brewers, iron and steel mills, etc., controlled such a volume of traffic that they practically announced the rates that they would pay and the rates that they would not pay on their traffic. Not infrequently these industries would be heavy stockholders in a transportation company and possibly be represented on its directorate. Naturally, under such a state of affairs, rate wars were of frequent occurrence and often when the war was at its height the shippers found that they could ship to New York from Chicago or St. Louis for less than they could ship over the same road to Pittsburgh or Buffalo; or, in the case of rival jobbers buying in a common market, one might obtain an advantage over the other

by obtaining a concession of 10 or 15 cents per 100 pounds on the commodity dealt with.

The wisdom of such a policy is probably best evidenced by the number of railroads in this country that went into bankruptcy during this period. Legitimate competition has been styled as the "life of trade," and rightly so; but when competition becomes suicidal in its nature, endangering the prosperity of our country by paralyzing business and imperiling the investments of our people, it becomes necessary to restrain its influence so that the greatest public benefit will be derived. Although secret rate-cutting was indulged in to some extent in the South, it was not nearly as extensively employed as in other sections of the country; as a matter of fact, the common-point system itself caused the dissatisfaction. It was difficult to explain why a carrier could bring traffic through a non-competitive local point to a further distant competitive point at a given rate, but was unable to stop the freight at the shorter-haul point without making a higher charge. In other words, the effect that water and market competition exerted upon rates was not apparent to the layman, who naturally assumed that if the carriers made a rate of 95 cents from Louisville to Savannah, they were practicing a rank discrimination in exacting a rate sometimes 50 cents higher on traffic which was not only intermediate but in some cases a hundred or two hundred miles nearer the originating point. These are some of the causes which led to the formulating of the Act to Regulate Commerce.

Considerable stress is laid upon the words "under substantially similar circumstances and conditions" as incorporated in the original statute, for this in itself gives evidence that the framers of the law had in mind that there might be circumstances which would justify the carrier in charging less for the long than for the

short haul. As before stated, the rate wars had the effect of sometimes making the rates to the seaboard less than the rates to interior points removed a considerable distance therefrom. Consequently, it was a perplexed, oftentimes a wrathful, patron who demanded to know why he was charged more for the movement of a carload of produce to Utica, N. Y., than for a shipment of like kind to the seaboard, although the car for the latter point passed through the former on its way east. Similarly, the lines serving the Ohio River from the region of the Great Lakes, when called upon to meet the exceedingly low rates to the Ohio River Crossings, forced upon them by competition, did not feel warranted in reducing their rates to their local stations intermediate to the terminal points involved, but held them on the normal basis, although they were higher than the rates established to the more distant points.

Instances such as these, however, illustrate traffic handled under substantially the same circumstances and conditions, although some have contended that the element of competition between carriers of like kinds is in itself a dissimilar circumstance that does not have to be considered except at such points at which it exists. However that may be, it seems that this was one of the evils toward which the fourth section of the Act was primarily directed.

Following the passage of the Act, the carriers in Official Classification Territory, almost without exception, adjusted their rates to conform literally to the law; as far as rates in that territory are concerned, very few violations of the fourth section exist, except in the case of some of the north and south lines under the percentage adjustment of rates to and from Trunk Line Territory, of which the Cincinnati, Ham-

ilton & Dayton Railway Company may be given as an illustration. Toledo, Ohio, the northern terminus of this line, is in 78 per cent territory, while Cincinnati, Ohio, the southern terminus, is in 87 per cent territory.[2] Under the percentage system of making rates between Trunk Line and New England territories on the one hand and Central Freight Association Territory on the other hand, the rates from 87 per cent territory are in all cases higher than the rates from 78 per cent territory, and if the traffic of this line moved to the East in all cases via Toledo, no violation of the long-and-short-haul provision of the Act would occur. Such, however, is not the case, as this company is in active competition with the direct lines serving Toledo and the East for traffic to that territory, handling the business in some cases by way of Cincinnati, Ohio, in connection with the Chesapeake & Ohio Railway or the Norfolk and Western Railway. Consequently, when the business is so handled, the traffic from the lower rated point, i. e., Toledo, Ohio, located in 78 per cent territory, is taken through a higher rated point, i. e., Cincinnati, Ohio, located in 87 per cent territory.

In this case, however, it is claimed in behalf of the Cincinnati, Hamilton & Dayton Railway that these rates are forced upon them by the direct lines over which they have no control and that they have no voice in making the rates. Petitions have been filed by them to this effect, asking relief from the fourth section of the Act.

2. Through Traffic v. Local Traffic

Another feature to consider is that by far the greatest volume of tonnage on a railroad moves to

[2]See Maps 3 and 4, Atlas of Traffic Maps.

competitive points and that the local traffic contrasted therewith is but a relatively small percentage of the total. It has been stated that it costs the carrier more to handle the traffic of the small local stations than it does to handle the traffic of the larger competitive terminals. For example, it was shown by testimony adduced in the first long-and-short-haul investigation, in support of one of the applications presented, that the carrier was able to show more clearly and distinctly than is commonly possible the lower cost on long-haul freight. It claimed that the through business on its 450 miles of road was transacted by different trains from the local stations and that these moved much more rapidly and carried vastly the most freight to the train; also that the number of men was much less in proportion not only upon the trains but for the station and terminal service and consequently all items of expense were much smaller. These facts, which were apparent to the customers of the road, together with the peculiarly effective water competition, which affected principally the through traffic, influenced intelligent men doing business at local stations to admit, in giving evidence, that it might be just and even necessary in some cases to make a greater charge for the shorter haul.[3]

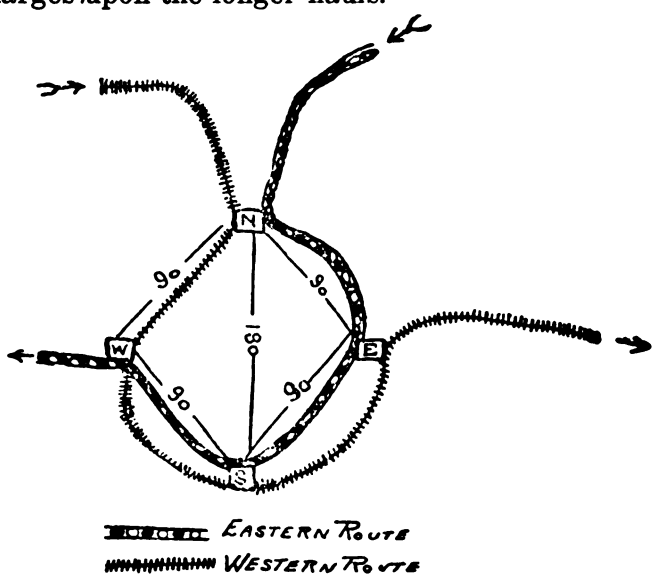
The late Gen. E. P. Alexander, Associate Editor of The Railroad Gazette, very effectively presented the principle of the long-and-short-haul application by the following illustration:[4]

Buggies are manufactured largely in Cincinnati, and still more largely in Baltimore, New York and eastern cities; so that as Cincinnati buggies are carried into territory more cheaply reached from the east, this transportation—like that of coal toward Newcastle—becomes less and less valuable as

[3] 1 I. C. C. Rep., 283.
[4] *Compendium of Transportation Theories.*

it reaches places accessible to eastern cities by cheaper routes either of rail or water; and the railroads running from Cincinnati have always adjusted their rates accordingly. On the rail line, for instance, extending southeast from Cincinnati to Charleston, via Chattanooga, Atlanta and Augusta, the influence of eastern buggies was felt wherever a transportation line from the east came in. At Chattanooga it was of slight consequence, at Atlanta it was important, at Augusta it was of controlling force, and at Charleston it was overwhelming. The rates from Cincinnati increased gradually until after passing Atlanta far enough to be affected by eastern buggies coming up via Augusta. There the rate reached its maximum, about half way between Atlanta and Augusta. Thence it decreased, and was the same at Augusta as at Atlanta, and at Charleston it was still lower.

He continued by giving a simple illustration making clear the essential features of nearly every case in the United States where competition of routes leads to lower charges upon the longer hauls.



Imagine four cities, N, E, S and W, at the North, East, South and West points of any closed figure, as a circle. Then let an eastern railroad run from N through E and S to W, and a western from N through W and S to E. There are then two overlapping routes from N to each of the two other cities, an eastern and a western. To S they are practically of equal length, but to E the eastern is much the shorter, and to W the western. Let 90 be a reasonable average rate from N to E or W, and 180 the same to S; or one for each degree of the circle traversed.

Now, if no restriction is placed on competition, the eastern route will not only compete with the western at S, but clear around to W; and while it could not hope with its longer distance to do a very large share of the business, yet it might get some remunerative employment for idle cars and engines in a dull season. But it could not charge more than 90 for the service, perhaps not even quite so much, for its service would be much slower than that of the western route, let us say 87. Similarly, too, will the western route compete for freight from N to E through S at 87.

Now let it be declared illegal to charge more for the shorter haul than for the longer, and what will be the result?

As a penalty for engaging in competitive business to E and W each road must reduce its rates at S from 180 to 90 or 87, as well as all other rates at intermediate stations which exceed 87. Neither road could afford to give up a large business at average rates for a smaller business over a longer line and at a reduced rate; so it would simply withdraw from the long haul business, and would enjoy a monopoly of what it had the short haul on. * * *

It may be objected that no two single roads overlap each other, as in the figure suggested above. But by their innumerable connections working with them as through lines, nearly all competing lines do overlap and intersect and interlace in even a far more complicated manner.

So in conclusion it may be stated briefly that every case of competition of routes has its essential principles perfectly illustrated in the figure suggested above, and every case of

competition of products and of markets has its principles perfectly illustrated in the old proverb that it is labor lost to carry coals to Newcastle. * * *

While the carriers in Official Classification Territory attempted to conform literally to the requirements of this statute, those in Southern Territory did not, alleging a dissimilarity of conditions and citing the competition that they had to meet, viz., that of the ocean lines serving the South Atlantic and the Gulf ports and that of the lines operating upon the inland waterways over which they or the Interstate Commerce Commission had no control, and whose rates were and are much less than would be the rates from the rail lines if they were not called upon to meet the competition.

3. The First Legislation

As the original Act provided that the judgment of the carriers in respect to the circumstances and conditions was not final, it was subject to the authority of the Interstate Commerce Commission and of the courts to decide whether the intent of the statute had been violated or not. The burden of the proof was placed upon the carriers to justify any departure from the literal application of the fourth section. Consequently, the first case of much note before the Interstate Commerce Commission was an investigation as to the petition of the carriers in this territory for relief from the provisions of the Act.[5] Exhaustive testimony was taken by it at Atlanta, Ga., Mobile, Ala., New Orleans, La., and Memphis, Tenn. Representatives of rail lines, steamship and steamboat companies, commercial plants and industries, boards of trade, and exchanges of various

[5] 1 I. C. C. Rep., 76, 291.

kinds appeared before the Commission to give testimony.

In announcing the findings of the Commission in this investigation,[6] the Hon. Thomas M. Cooley, of Michigan, Former Chairman of the Commission, stated as follows:

The points that are intended to be decided at this time are as follows:

First. That the prohibition in the fourth section against a greater charge for a shorter than for a longer distance over the same line, in the same direction, the shorter being included within the longer distance, as qualified therein, is limited to cases in which the circumstances and conditions are substantially similar.

Second. That the phrase "under substantially similar circumstances and conditions," in the fourth section is used in the same sense as in the second section; and under the qualified form of the prohibition in the fourth section, carriers are required to judge in the first instance with regard to the similarity or dissimilarity of the circumstances and conditions that forbid or permit a greater charge for a shorter distance.

Third. That the judgment of carriers in respect to the circumstances and conditions is not final, but is subject to the authority of the Commission and of the courts, to decide whether error has been committed, or whether the statute has been violated. And in case of complaint for violating the fourth section of the Act, the burden of proof is on the carrier to justify any departure from the general rule prescribed by the statute by showing that the circumstances and conditions are substantially dissimilar.

Fourth. That the provisions of section 1, requiring charges to be reasonable and just, and of section 2, forbidding unjust discrimination, apply when exceptional charges are made under section 4 as they do in other cases.

Fifth. That the existence of actual competition which is of controlling force, in respect to traffic important in amount, may make out the dissimilar circumstances and conditions entitling the carrier to charge less for the longer than for the shorter haul over the same line in the same direction, the shorter being included in the longer, in the following cases: 1, when the competition is with carriers by water which are not subject to the provisions of the statute; 2, when the competition is with foreign or other railroads which are not

[6] 1 I. C. C. Rep., 291.

subject to the provisions of the statute; 3, in rare and peculiar cases of competition between railroads which are subject to the statute, when a strict application of the general rule of the statute would be destructive of legitimate competition.

Sixth. The Commission further decides that when a greater charge in the aggregate is made for the transportation of passengers or the like kind of property for a shorter than for a longer distance over the same line in the same direction, the shorter being included in the longer distance, it is not sufficient justification therefore that the traffic which is subjected to such greater charge is way or local traffic, and that which is given the more favorable rates is not.

Nor is it sufficient justification for such greater charge that the short haul traffic is more expensive to the carrier, unless when the circumstances are such as to make it exceptionally expensive, or the long haul traffic exceptionally inexpensive, the difference being extraordinary and susceptible of definite proof.

Nor that the lesser charge on the longer haul has for its motive the encouragement of manufacturers or some other branch of industry.

Nor that it is designed to build up business or trade centers; nor that the lesser charge on the longer haul is merely a continuation of the favorable rates under which trade centers or industrial establishments have been built up.

The fact that long haul traffic will only bear certain rates is no reason for carrying it for less than cost at the expense of other traffic.

As the petitions of the carriers were acted upon individually, the Commission's order, in so far as the Louisville & Nashville Railroad is concerned, may be taken as representative of the policy adopted at that time.

The order for temporary relief which was made in favor of the petitioner, will be allowed to remain in force until the day originally limited for its expiration; and in the meantime its officers will have the opportunity to make thorough revision of its freight and passenger tariffs, in order to bring them as nearly as may be reasonably feasible into harmony with the general rule of the statute and with the views expressed in this opinion. That they may be brought much

nearer to conformity than they now are without the sacrifice of any substantial interest, we have very little question; and as business adapts itself to the new principle established by Congress, it will no doubt be found that exceptions can safely and steadily be made less and less numerous.[7]

As has been illustrated before, there are very few adjustments in the South which conform either actually or in principle to the long-and-short-haul provision of the law. Practically all of the southern officials at the time the Act was passed based their petitions upon the conclusion that competition beyond the control of any one of them formed a circumstance or condition which warranted a departure from the law and that the higher rates to the intermediate points should be adjudged individually under the provisions of the law requiring reasonableness and forbidding undesirable discrimination or undue or unreasonable preference or advantage. In at least two instances, however, this interpretation was, at the time, not accepted, and as a consequence the rates between Cincinnati and Chattanooga over the short line and between Richmond and Atlanta over the short line were revised to follow literally the fourth section. Later, the interpretation accepted by the majority of the officials having been justified by court decisions, no further attempt was made to follow the accepted policy adopted with respect to the rates mentioned, although it may be said that there has been practically no advance in the rates.

4. Conflict With Law

Such was the condition of affairs until Congress passed an amendment to this section of the Act on June 18, 1910, eliminating the words "under substantially

[7] 1 I. C. C. Rep., 290.

similar circumstances and conditions," and thereby in effect requiring the railroads literally to initiate no higher rates under any circumstances or conditions to an intermediate point than to a further distant point on the same line or route in the same direction. At the same time, however, Congress very wisely vested the Interstate Commerce Commission with authority to grant variations from the principle when, in the discretion of that body, such might be justified.

The significance of the striking out of the words referred to may best be expressed in the following remarks of the Interstate Commerce Commission.

> * * * For 20 years this Commission has made no order of consequence under that section which could be enforced, and this because of the existence of these words. Their presence has rendered futile the prohibition of the section and has made it impossible to give any effect to the proviso which allowed the Commission to designate the instances in which the rule of the prohibition might be departed from.
>
> In view of these facts what was probably the intention of Congress in removing that phrase from the statute? It is earnestly contended by the carriers that the only effect was to take from the railway the power of initiative. The carrier can no longer judge in the first instance whether it may disregard the rule of that section, but is compelled to submit that question to the Commission. * * *
>
> The effect of the present section is certainly to require carriers to first obtain from the Commission leave to depart from the rule of that section, and that of itself is a most significant and important thing. There is certainly a wide difference between the situation formerly, when some complainant must attack the existing rate and make good by evidence his complaint, and now, when the railroad must assume the burden of its justification. It is a matter of consequence that every discrimination of this sort must be brought directly to the attention of the Commission and passed upon by that body, but we think that something beyond this was in the legislative mind. * * *
>
> It was the manifest intent of Congress not only to provide by the amendment of this section that carriers must become the advancing party in justifying this particular species of

discrimination, but also to give to the Commission some effective power to deal with the case when presented. * * *

Bearing in mind the authority which the Commission now administers in prescribing a reasonable rate and in declaring and correcting an undue preference, it seems evident that the purpose of Congress was to commit to this body the duty of determining whether if the carrier was permitted to charge a higher rate at the intermediate point that would result in a violation of the provisions of the act. But in so doing the Commission cannot act arbitrarily. It must investigate each case, and if after such investigation it is of the opinion that a departure from the rule of the fourth section would not result in unreasonable rates or undue discrimination it must permit that departure. If, upon the other hand, it is of the contrary opinion, it must refuse the permission. Such is the only possible construction which can be put upon this section in connection with the entire act, and if any doubt as to the real purpose of Congress could exist. it must be effectively put at rest by an examination of the history of the passage of this measure. * * *

We hold that under the amended section it is the duty of the Commission to investigate each application made by a common carrier for leave to depart from the rule of the section. If we are of the opinion. upon a view of the entire situation, that to grant the application will not result in unjust or discriminatory rates and practices, then it should be granted; otherwise it should be denied: and the Commission may, if in its opinion an unlimited departure from the rule of the section ought not to be granted but that a limited departure should be, prescribed in any way that is definite and certain the extent to which the departure may be made. * * *[8]

*21 I. C. C. Rep., 409.

CHAPTER XXIV

THE LONG-AND-SHORT-HAUL PROVISION OF THE FEDERAL LAW—Continued

1. Revised Legislation

Adopting the means provided, the railroads in the South jointly and severally filed petitions with the Interstate Commerce Commission, asking for relief under the revised fourth section and for authority to continue their existing bases and adjustments.

Concerning the greater portion of the territory and much the greater portion of the traffic involved, the Commission held lengthy hearings, taking all the evidence to be offered both by the railroads and by the interested public; the cases were then briefed and argued. The facts and arguments brought forward to sustain the applications for relief and the principles which justified the granting of the applications can only be described in outline because of lack of space.

The subject matter naturally falls into two grand divisions: (1) The rules of law that were sought to be recognized and applied and (2) the facts and the arguments on the facts.

(*a*) *The Rules of Law*

The rules of law were founded partly on common-law principles, but chiefly on the construction placed by the Supreme Court upon the fourth section of the original

Act and by the Commerce Court on the amended fourth section.

1. Substantial dissimilarity of circumstances and conditions may justify common carriers in charging greater compensation for the transportation of like kinds of property for a shorter than for a longer distance over the same line.[1]

2. Competition is one of the most obvious and effective circumstances that make the conditions under which a long and a short haul is performed substantially dissimilar, and as such must have been in the contemplation of Congress in the passage of the Act to Regulate Commerce.[2]

The settled construction of the Interstate Commerce Act allows carriers to charge the lesser rate for the longer than for the shorter distance, if at the further point the lesser rate is justified by a substantial dissimilarity of circumstances and conditions there prevailing, consequent upon real competition.[3]

3. The materiality of competition arising from carriers who are subject to the Act to Regulate Commerce may be considered; likewise, competition not originating at the initial point of the traffic.[4]

What was decided in the previous cases was that under the fourth section of the Act substantial competition which materially affects transportation and rates might under the statute be competent to produce dissimilarity of circumstances and conditions to be taken into consideration by the carrier in

[1] I. C. C. v. Alabama, etc., R. R. Co., 168 U. S., 144, 170; I. C. C. v. Louisville, etc., R. R. Co., 190 U. S., 273; Texas, etc., R. R. Co. v. I. C. C., 162 U. S., 197, 220.

[2] I. C. C. v. Alabama, etc., R. R. Co., 168 U. S., 144, 164; 42 L. Ed., 414; I. C. C. v. Louisville, etc., R. R. Co., 190 U. S., 273; 47 L. Ed., 1047; Texas, etc., R. R. Co. v. I. C. C., 162 U. S., 197; 40 L. Ed., 940; Louisville, etc., R. R. Co. v. Behlmer, 175 U. S., 648, 654, 655, 667; 44 L. Ed., 309; East Tennessee, etc., R. R. Co. v. I. C. C., 181 U. S., 1, 12; 45 L. Ed., 719.

[3] I. C. C. v. Louisville, etc., R. R. Co., 190 U. S., 273, 284; 47 L. Ed., 1047.

[4] Louisville, etc., R. R. Co. v. Behlmer, 175 U. S., 648; 44 L. Ed., 309; I. C. R. R. Co. v. I. C. C., 206 U. S., 441, 457; 51 L. Ed., 1128.

charging a greater sum for a lesser than for a longer haul. The meaning of the law was not decided to be that one kind of competition could be considered and not another kind, but that all competition, provided it possessed the attributes of producing a substantial and material effect upon traffic and rate making, was proper under the statute to be taken into consideration.[5]

4. The competition of river lines of transportation may be taken into consideration.

Competition of river lines of transportation is a factor to be considered when determining whether property transported over the same line is carried "under substantially similar circumstances and conditions" as that phrase is found in the fourth section of the Interstate Commerce Act.[6]

5. The Interstate Commerce Act was not designed to prevent competition.[7]

6. Differences between the cost of conducting the intermediate local traffic and the through business may also constitute a dissimilarity of circumstances under the fourth section of the Act to Regulate Commerce.

7. The denial of the right to engage in competition at the further distant points is a deprivation of a right of property such as is forbidden by Article Five of the amendments to the Constitution of the United States.

8. Unless the intermediate rates are proved to be unreasonable by substantial evidence, the Commission may not lawfully require them to be reduced by denying an application for relief under the fourth section of the Act.

9. To require a carrier either to reduce its intermediate rates or to retire from the long-haul traffic by

[5] Louisville, etc., R. R. Co. v. Behlmer, 175 U. S., 648, 670; 44 L. Ed., 309.

[6] I. C. C. v. Alabama, etc., R. R. Co., 168 U. S., 144; 42 L. Ed., 414; I. C. R. R. Co. v. I. C. C., 206 U. S., 441, 457; 51 L. Ed., 1128.

[7] I. C. C. v. Alabama, etc., R. R. Co., 162 U. S., 144, 165; 42 L. Ed., 414; I. C. C. v. Baltimore, etc., R. R. Co., 145 U. S., 263; 36 L. Ed., 699; Texas, etc., R. R. Co. v. I. C. C., 162 U. S., 197; 40 L. Ed., 940; I. C. C. v. Alabama, etc., R. R. Co., 168 U. S., 144; 42 L. Ed., 414.

denying its fourth section application is to punish it for meeting competition at the longer distant points; it was lawful to meet that competition and such a denial, therefore, really imposes a penalty for an act which was lawful when done; this is forbidden by the ninth and tenth sections of Article One of the Constitution of the United States.

10. The proviso of the amended fourth section authorizing the Commission to grant relief in special cases is mandatory and not merely discretionary, and under it the Commission must, as a matter of law, grant relief in all cases where it is affirmatively shown that the lower rates to the longer distant points are necessitated by competition; that the rates to the intermediate points are just and reasonable within the purview of the first section of the Act to Regulate Commerce; and that the intermediate destinations are not being subjected to any undue prejudice in violation of the third section of that Act.[8]

(*b*) *Facts Adduced in the Case*

1. The facts submitted in justification of the existing situation at the long-haul competitive points were related to (a) the historical development of the existing adjustments; (b) the present competitive situation; and (c) the reasonableness of the present rates.

(a) The location, origin, and early history of each city was shown, and the causes for its growth and development into a trade center were analyzed and described. Chief among these causes at most of the cities dealt with were their naturally advantageous locations on navigable waterways and the consequent

[8]Atchison, Topeka & Santa Fe Ry. Co., et al., v. United States, 191 Fed 656, Commerce Court.

relatively low transportation charges they were able to obtain long before there were any railroads at all. The location of these cities always had given them lower freight rates than the inland intermediate towns, and the railroads had simply recognized and continued a system of transportation charges that was already in existence when they were constructed and that they were powerless substantially to modify or control.

It was shown that other cities owed their low rates to long years of strife and competition between numerous rival railroads coming in from every direction. Still other places have received low rates by the policy of some one railroad establishing a distributing center on its lines in order to compete for the freight in the surrounding country with some jobbing center on another road which, through natural and proper conditions, had been able to induce or force a low level of rates for itself. Others owed their position, either directly or indirectly, to decisions of the Interstate Commerce Commission. In every instance, the facts were carefully set forth, the history of the rate adjustments themselves were carefully traced and fully presented, and the changes in specific rates were given for as far back as the records would permit.

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points was fully dealt with. The dissimilarity between the conditions under which traffic is transported from various points of origin to various competitive destinations and the conditions under which traffic is handled to the intermediate local stations was emphasized and described; this dissimilarity, in most instances, arises from the presence at the longer-haul points of actual controlling competition that does not exist at the intermediate stations.

It was also testified that the longer-haul rates were in no case made less than was required by the competitive conditions existing at the particular destination and that the carriers had never voluntarily or arbitrarily created any of the cities as basing points or trade centers for the mere purpose of preferring them to other places, but each of them had become such owing either to its location on navigable streams or on two or more competing railroads serving different sections, or because of some exceptionally strong competitive condition.

(c) Comprehensive evidence was submitted to prove that the rates to each of the further distant competitive points dealt with are unusually and abnormally low, having been made so by competition. This was sought to be demonstrated (1) by comparisons with numerous other rates for similar distances in the same section of the country and considered to be reasonable in the absence of competition; (2) by comparisons, in some cases, with other competitive rates; (3) by comparisons with higher rates formerly in effect; and (4) by comparisons with local scales or lowest combination rates such as would have been charged to each destination in the absence of competition and which would have been considered as entirely reasonable were it not for the competition.

The fact that these longer-haul rates are unreasonably low having been demonstrated, it was argued that such rates afford no just measure of the reasonableness of the intermediate rates and that the carriers ought not to be required to accept them at the intermediate points. It was urged that competition, actual or potential, bona fide and lawful, was the sole reason for the relatively low rates in effect at the further distant points; also, that the suggestion that the rates to the further distant points are not competitive rates because they are made the same by all competing railroads was unfounded in fact and fallacious in theory. The suggestion that since the petitioning railroads have freely elected to compete at the further distant points, the lower rates to such points were voluntarily made and are therefore not justified or compelled by competition, it was shown, was equally erroneous and fallacious.

Elaborate arguments were submitted in favor of allowing the carriers to meet water competition, market competition, and competition of other railroads, as well as in favor of the contention that it is to the public interest to allow the carriers to continue the relatively low rates and the departures from the long-and-short-haul rule covered by the petitions under consideration. This argument, in turn, was supported by showing what the present public policy of the southern states is as to that matter, and also by showing that the present policy of the United States is in favor of free competition, such being deduced from the various national laws, from the anti-trust laws, and from the Act to Regulate Commerce itself.

2. Evidence dealing with the charges to the intermediate points included facts relating to (a) the history and the basis of the intermediate rates; (b) their reasonableness, per se; (c) their relative reasonableness;

(d) the relative higher cost of handling the intermediate local traffic; (e) the effect of a denial of the relief asked for upon the intermediate rates and revenues of the petitioning carriers; (f) the increasing costs of operation and the inability of the petitioning carriers to sustain any substantial reduction in their rates and revenues; and (g) certain collateral features.

(a) The existing policy of fixing rates to local stations in the South—that is, on a progressive mileage scale, but not in excess of the lowest combination for one-line hauls and on the basis of the lowest combination for hauls over two or more lines—was elaborately discussed and described, both from the historical and from the practical standpoint. The genesis of this method of rate adjustment was shown and also its gradual logical development. The fact that it is today logically and historically connected with, and the outgrowth of, the earliest practices of transportation companies of various kinds was strongly emphasized.

The fact that the local scales which formed the groundwork of the existing intermediate rates are themselves just and reasonable charges from the standpoint of the public (many of them being fixed by state commissions) was sought to be demonstrated. On argument it was urged that as a matter of law a railroad handling traffic, say, from Atlanta, Ga., has a right to charge the same rate therefrom on traffic originating beyond Atlanta and delivered to it by a connecting line as it charges on shipments from Atlanta, proper, and that the exercise of this right is chiefly responsible for the present lowest-combination basis prevailing in the South; hence, that this basis is itself sanctioned by law. Again, it was pointed out that the use of this lowest-combination basis gives the non-competitive points all the benefit of the competition at the common

points to which their location entitles them and frequently results in giving them lower rates than they would otherwise receive.

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Very full evidence was submitted which demonstrated that the existing disparities between the rates to the intermediate points and those to the further distant competitive points are never greater, and in most instances lower, than those in effect from the longer-haul points back to the intermediate destinations, the result being that merchants at the intermediate points can buy from primary markets and sell in their own towns and vicinity in competition with the merchants at the competitive trade centers. In addition, it was proved that the intermediate towns and the intermediate territories have been and are increasingly prosperous under the existing adjustments.

On these facts it was urged, on authority of the Commerce Court's decision in the intermountain cases, that the charging of lower rates to the longer-haul points did not subject the intermediate destinations to any unlawful disadvantage.

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Competition of river lines of transportation is a factor to be considered when determining whether property transported over the same line is carried "under substantially similar circumstances and conditions" as that phrase is found in the fourth section of the Interstate Commerce Act.[6]

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10. The proviso of the amended fourth section authorizing the Commission to grant relief in special cases is mandatory and not merely discretionary, and under it the Commission must, as a matter of law, grant relief in all cases where it is affirmatively shown that the lower rates to the longer distant points are necessitated by competition; that the rates to the intermediate points are just and reasonable within the purview of the first section of the Act to Regulate Commerce; and that the intermediate destinations are not being subjected to any undue prejudice in violation of the third section of that Act.[8]

(*b*) *Facts Adduced in the Case*

1. The facts submitted in justification of the existing situation at the long-haul competitive points were related to (a) the historical development of the existing adjustments; (b) the present competitive situation; and (c) the reasonableness of the present rates.

(a) The location, origin, and early history of each city was shown, and the causes for its growth and development into a trade center were analyzed and described. Chief among these causes at most of the cities dealt with were their naturally advantageous locations on navigable waterways and the consequent

[8]Atchison, Topeka & Santa Fe Ry. Co., et al., v. United States, 191 Fed 656, Commerce Court.

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It was shown that other cities owed their low rates to long years of strife and competition between numerous rival railroads coming in from every direction. Still other places have received low rates by the policy of some one railroad establishing a distributing center on its lines in order to compete for the freight in the surrounding country with some jobbing center on another road which, through natural and proper conditions, had been able to induce or force a low level of rates for itself. Others owed their position, either directly or indirectly, to decisions of the Interstate Commerce Commission. In every instance, the facts were carefully set forth, the history of the rate adjustments themselves were carefully traced and fully presented, and the changes in specific rates were given for as far back as the records would permit.

(b) The railroads and the water lines, if any, serving each city were shown. The actual or the potential water competition, if any, was described. Exhibits were filed showing the names of the railroads composing the routes and the number of routes competing from each point of origin and from each general section to each competitive destination. At points located on navigable waterways the amount of traffic handled by water carriers to such points for a representative period was shown. The practicability, or otherwise, of advancing the rates to each of the water competitive

points was fully dealt with. The dissimilarity between the conditions under which traffic is transported from various points of origin to various competitive destinations and the conditions under which traffic is handled to the intermediate local stations was emphasized and described; this dissimilarity, in most instances, arises from the presence at the longer-haul points of actual controlling competition that does not exist at the intermediate stations.

It was also testified that the longer-haul rates were in no case made less than was required by the competitive conditions existing at the particular destination and that the carriers had never voluntarily or arbitrarily created any of the cities as basing points or trade centers for the mere purpose of preferring them to other places, but each of them had become such owing either to its location on navigable streams or on two or more competing railroads serving different sections, or because of some exceptionally strong competitive condition.

(c) Comprehensive evidence was submitted to prove that the rates to each of the further distant competitive points dealt with are unusually and abnormally low, having been made so by competition. This was sought to be demonstrated (1) by comparisons with numerous other rates for similar distances in the same section of the country and considered to be reasonable in the absence of competition; (2) by comparisons, in some cases, with other competitive rates; (3) by comparisons with higher rates formerly in effect; and (4) by comparisons with local scales or lowest combination rates such as would have been charged to each destination in the absence of competition and which would have been considered as entirely reasonable were it not for the competition.

charging a greater sum for a lesser than for a longer haul. The meaning of the law was not decided to be that one kind of competition could be considered and not another kind, but that all competition, provided it possessed the attributes of producing a substantial and material effect upon traffic and rate making, was proper under the statute to be taken into consideration.[5]

4. The competition of river lines of transportation may be taken into consideration.

Competition of river lines of transportation is a factor to be considered when determining whether property transported over the same line is carried "under substantially similar circumstances and conditions" as that phrase is found in the fourth section of the Interstate Commerce Act.[6]

5. The Interstate Commerce Act was not designed to prevent competition.[7]

6. Differences between the cost of conducting the intermediate local traffic and the through business may also constitute a dissimilarity of circumstances under the fourth section of the Act to Regulate Commerce.

7. The denial of the right to engage in competition at the further distant points is a deprivation of a right of property such as is forbidden by Article Five of the amendments to the Constitution of the United States.

8. Unless the intermediate rates are proved to be unreasonable by substantial evidence, the Commission may not lawfully require them to be reduced by denying an application for relief under the fourth section of the Act.

9. To require a carrier either to reduce its intermediate rates or to retire from the long-haul traffic by

[5]Louisville, etc., R. R. Co. v. Behlmer, 175 U. S., 648, 670; 44 L. Ed., 309.

[6]I. C. C. v. Alabama, etc., R. R. Co., 168 U. S., 144; 42 L. Ed., 414; I. C. R. R. Co. v. I. C. C., 206 U. S., 441, 457; 51 L. Ed., 1128.

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It was shown that other cities owed their low rates to long years of strife and competition between numerous rival railroads coming in from every direction. Still other places have received low rates by the policy of some one railroad establishing a distributing center on its lines in order to compete for the freight in the surrounding country with some jobbing center on another road which, through natural and proper conditions, had been able to induce or force a low level of rates for itself. Others owed their position, either directly or indirectly, to decisions of the Interstate Commerce Commission. In every instance, the facts were carefully set forth, the history of the rate adjustments themselves were carefully traced and fully presented, and the changes in specific rates were given for as far back as the records would permit.

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It was also testified that the longer-haul rates were in no case made less than was required by the competitive conditions existing at the particular destination and that the carriers had never voluntarily or arbitrarily created any of the cities as basing points or trade centers for the mere purpose of preferring them to other places, but each of them had become such owing either to its location on navigable streams or on two or more competing railroads serving different sections, or because of some exceptionally strong competitive condition.

(c) Comprehensive evidence was submitted to prove that the rates to each of the further distant competitive points dealt with are unusually and abnormally low, having been made so by competition. This was sought to be demonstrated (1) by comparisons with numerous other rates for similar distances in the same section of the country and considered to be reasonable in the absence of competition; (2) by comparisons, in some cases, with other competitive rates; (3) by comparisons with higher rates formerly in effect; and (4) by comparisons with local scales or lowest combination rates such as would have been charged to each destination in the absence of competition and which would have been considered as entirely reasonable were it not for the competition.

The fact that these longer-haul rates are unreasonably low having been demonstrated, it was argued that such rates afford no just measure of the reasonableness of the intermediate rates and that the carriers ought not to be required to accept them at the intermediate points. It was urged that competition, actual or potential, bona fide and lawful, was the sole reason for the relatively low rates in effect at the further distant points; also, that the suggestion that the rates to the further distant points are not competitive rates because they are made the same by all competing railroads was unfounded in fact and fallacious in theory. The suggestion that since the petitioning railroads have freely elected to compete at the further distant points, the lower rates to such points were voluntarily made and are therefore not justified or compelled by competition, it was shown, was equally erroneous and fallacious.

Elaborate arguments were submitted in favor of allowing the carriers to meet water competition, market competition, and competition of other railroads, as well as in favor of the contention that it is to the public interest to allow the carriers to continue the relatively low rates and the departures from the long-and-short-haul rule covered by the petitions under consideration. This argument, in turn, was supported by showing what the present public policy of the southern states is as to that matter, and also by showing that the present policy of the United States is in favor of free competition, such being deduced from the various national laws, from the anti-trust laws, and from the Act to Regulate Commerce itself.

2. Evidence dealing with the charges to the intermediate points included facts relating to (a) the history and the basis of the intermediate rates; (b) their reasonableness, per se; (c) their relative reasonableness;

(d) the relative higher cost of handling the intermediate local traffic; (e) the effect of a denial of the relief asked for upon the intermediate rates and revenues of the petitioning carriers; (f) the increasing costs of operation and the inability of the petitioning carriers to sustain any substantial reduction in their rates and revenues; and (g) certain collateral features.

(a) The existing policy of fixing rates to local stations in the South—that is, on a progressive mileage scale, but not in excess of the lowest combination for one-line hauls and on the basis of the lowest combination for hauls over two or more lines—was elaborately discussed and described, both from the historical and from the practical standpoint. The genesis of this method of rate adjustment was shown and also its gradual logical development. The fact that it is today logically and historically connected with, and the outgrowth of, the earliest practices of transportation companies of various kinds was strongly emphasized.

The fact that the local scales which formed the groundwork of the existing intermediate rates are themselves just and reasonable charges from the standpoint of the public (many of them being fixed by state commissions) was sought to be demonstrated. On argument it was urged that as a matter of law a railroad handling traffic, say, from Atlanta, Ga., has a right to charge the same rate therefrom on traffic originating beyond Atlanta and delivered to it by a connecting line as it charges on shipments from Atlanta, proper, and that the exercise of this right is chiefly responsible for the present lowest-combination basis prevailing in the South; hence, that this basis is itself sanctioned by law. Again, it was pointed out that the use of this lowest-combination basis gives the non-competitive points all the benefit of the competition at the common

points to which their location entitles them and frequently results in giving them lower rates than they would otherwise receive.

Numerous decisions of the Supreme Court and of the lower federal courts were cited, to the point that the combination basis is lawful and is not as a basis condemned by any of the provisions of the Act to Regulate Commerce. Specifically, it was pointed out that in the LaGrange case[9] the Supreme Court upheld and approved particularly the combination basis. It was said in so many words that such neither resulted in unreasonable rates to LaGrange under the first section of the Act, nor in an undue prejudice against LaGrange in violation of the third section of the Act.

(b) Elaborate testimony was presented in order to demonstrate that, in comparison with rates usually and normally charged in the South for similar hauls under like circumstances, the specific intermediate rates dealt with in these particular proceedings were just and reasonable in and of themselves.

On argument it was pointed out that there is a presumption of law, as well as of fact, that the intermediate rates are just and reasonable and that no evidence at all had been introduced to overcome this presumption; hence, it was urged that the mere fact that lower rates happen to be in force to certain further distant competitive points could not lawfully be held to prove the unreasonableness of the higher intermediate rates; many court decisions so holding were cited in support.

(c) It having been affirmatively shown (1) that the intermediate rates were reasonable, (2) that the further distant rates, although lower, were compelled by actual

[9] 190 U. S. 273.

competitive circumstances which exist at the latter but not at the former places, and (3) that the preference to the further distant points was not the result of any wrongful or voluntary act on the part of the carriers, it was argued, as a matter of law, that it followed that the existing rate situation does not subject the intermediate points to any undue or unlawful prejudice or disadvantage in violation of the third section of the Commerce Act; various decisions of the Supreme Court and of the lower federal courts so holding were adduced in support of the contention.

Very full evidence was submitted which demonstrated that the existing disparities between the rates to the intermediate points and those to the further distant competitive points are never greater, and in most instances lower, than those in effect from the longer-haul points back to the intermediate destinations, the result being that merchants at the intermediate points can buy from primary markets and sell in their own towns and vicinity in competition with the merchants at the competitive trade centers. In addition, it was proved that the intermediate towns and the intermediate territories have been and are increasingly prosperous under the existing adjustments.

On these facts it was urged, on authority of the Commerce Court's decision in the intermountain cases, that the charging of lower rates to the longer-haul points did not subject the intermediate destinations to any unlawful disadvantage.

(d) The evidence showing the relatively higher cost of handling traffic to the intermediate local station than to a further distant competitive point was stated in detail, being supported by the facts adduced by certain actual tests that had been conducted for the purpose and by analysis of these tests.

On argument it was urged that the cost differences would warrant the Interstate Commerce Commission in lawfully differentiating the rates.

(e) It was shown that the losses in net revenue to which the southern carriers will be subjected if their petitions for relief be denied and they are required to apply the existing long-haul competitive rates at all intermediate points as a maximum would be, approximately, $16,000,000 per annum. It was urged that for this reason alone the applications for relief ought not to be denied, as the railroads of the South are unable to sustain any such enormous depletion of revenues.

(f) The railroads filed elaborate statements showing the increased costs of operation in all phases, including increased taxation. It was demonstrated that these increases had grown out of all proportion to the increase in revenues and that, as they have not been heretofore offset by any substantial increases in freight rates, the conclusion should be drawn that any substantial reduction in revenues consequent upon the enforcement of the long-and-short-haul rule would result in disaster to the southern carriers. Certain of the carriers were able to demonstrate that they are not now, even under the present relative adjustment of rates, earning a fair or just return.

(g) Logical reasons were given for the lack of uniformity in the local mileage scales, why the practice of the northern and eastern railroads in the matter of the long-and-short-haul rule should not control the rates or the practices of the southern railroads, and why the intermediate rates should not be made a percentage of the further distant rates.

The plea of the southern railroads may be summed up by quoting from the brief of one of the railroads.

To have a vast system of rates, such as the Southern rate fabric, suddenly and utterly all altered; to have the system of rates in use and operation from the Mississippi to the Coast and the Ohio to the Gulf, a system which has resulted from fifty years of strife and competition and compromise among the Southern railroad companies, the result of the best thought and labor of many of the greatest railroad men the country has produced, a system which has given, and is giving, general satisfaction, that is eminently practical, and entirely lawful—to have all this shattered at one blow into wreck and dissolution, is no small matter. To revolutionize the long-established business conditions of the South, and the channels of trade of the South, is an equally important thing. And to force such radical reductions in the rates and revenues upon the Southern railroad companies as will probably bankrupt some of them, and inevitably materially injure all of them, is of still greater magnitude. Yet all of these will undoubtedly result from a literal enforcement of the long and short haul rule of the fourth section of the Act to Regulate Commerce.

Therefore, because the present system of rate adjustment in the South is beneficial and satisfactory, alike to the carriers, and the public, because under the existing rate schedules, the intermediate non-competitive points are not subjected to unjust or unreasonable rates, or to undue or unreasonable prejudice or disadvantage, because the lower rates in force at the further distant competitive points have resulted solely from competition, and are still necessary because of competition, because Congress must have intended that the Commission should give the carriers relief from the operation of the long and short haul rule in just such cases as are presented and discussed in this argument, we respectfully and earnestly submit that our applications for such relief as to those cases should be, and of right ought to be, granted by this Honorable Commission.

2. The 1914 Decision

After reviewing the voluminous evidence and testimony introduced in this case, the Interstate Commerce Commission announced its decision on April 13, 1914,[10] and stated, in part, as follows:

[10] 30 I. C. C. Rep., 153–336.

such combination and the rates to stations not so affected are not increased.

Fourth. That on the route from Cincinnati to Port Royal (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Harriman Junction; Southern Railway to Spartansburg, S. C.; Charleston & Western Carolina Railway from Spartansburg through Augusta to Port Royal; constructive mileage, 753), the rates to stations between Augusta and Port Royal affected by combination on one of these points shall not exceed such combination and the rates to stations not so affected are not increased.

Fifth. That on or before April 1, 1915, on the route from Louisville to Savannah (Louisville & Nashville Railroad to Montgomery, Ala.; Seaboard Air Line Railway from Montgomery to Savannah; constructive mileage 829), the rates to stations west of Helena are so corrected that they do not exceed the rates to Helena, and that the rates to stations east of Helena do not exceed the rates to Helena by more than 5 per cent and in no case exceed the combination on Savannah.

Sixth. That on the route from Cincinnati to Savannah (Cincinnati, New Orleans & Texas Pacific Railway to Harriman Junction; Southern Railway through Asheville and Columbia to Savannah; constructive mileage, 756), the rates to stations between Columbia, S. C., and Savannah affected by combination on one of these points shall not exceed such combination and that the rates to stations not so affected are not increased.

Seventh. That on or before April 1, 1915, on the route from Louisville to Brunswick (Louisville & Nashville Railroad to Montgomery, Ala.; Atlantic Coast Line Railroad from Montgomery to Brunswick; constructive mileage, 863), the rates to stations between Montgomery and Dupont, Ga., except Bainbridge, Ga., are so corrected as to avoid departures from the long-and-short-haul clause, and rates to stations east of Dupont are not higher than the combination on Brunswick.

Eighth. That on or before April 1, 1915, on the route from Cincinnati to Brunswick (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Chattanooga, Tenn.; Southern Railway from Chattanooga through Rome, Atlanta, and Macon to Brunswick; constructive mileage, 767), the rates to stations between Macon, Ga., and Helena, Ga., are so corrected that they do not exceed the present rates to Helena, and the rates to stations south of Helena do not exceed rates to Helena by more than 5 per cent and in no case exceed the combination on Brunswick.

Ninth. That on or before April 1, 1915, on the route from Louisville to Jacksonville (Louisville & Nashville Railroad to River Junction, Fla.; Seaboard Air Line Railway from River Junction, Fla., to Jacksonville, Fla.; constructive mileage, 960), the rates to stations between River Junction, Fla., and Welborn, Fla., are so corrected as to avoid violations of the long-and-short-haul clause and to be not higher than the rates over two-line hauls for like distances shown in Table A, and the rates to stations east of Welborn do not exceed the combination on Jacksonville.

Tenth. That on the route from Cincinnati to Jacksonville (Cincinnati, New Orleans & Texas Pacific Railway to Chattanooga; Southern Railway from Chattanooga to Jesup, Ga.; Atlantic Coast Line Railroad from Jesup to Jacksonville; constructive mileage, 843), the rates to stations between Jesup, Ga., and Jacksonville do not exceed the combination upon either Brunswick or Jacksonville.

The carriers operating routes from Cincinnati through territory on and west of the line formed by the Central of Georgia Railway, Birmingham, Ala., to Columbus, Ga., and the Chattahoochee River, Columbus to Apalachicola, Fla., to points east of the line above described, and carriers operating routes from Louisville and other lower Ohio River crossings through territory east of the said line to points west of such line are authorized to continue such departures from the requirements of the fourth section as may be necessary to

First. The actual charges on the traffic that moved during these periods at the rates effective June 1, 1912.

Second. The charges that would have accrued on such traffic had the lowest rate applicable on such shipments to any more distant point been applied.

Third. The difference between the charges which actually accrued and those which would have accrued under the lower rates as maxima.

The differences so found on actual shipments moving during the 28 days taken were summarized and the result multiplied by 13 to obtain the approximate reduction in revenue for one year on all these lines if such reductions were made at the intermediate points. The reduction in revenue for one year, as ascertained by this check amounted to $12,869,727.81. The gross freight revenue of all the lines that participated in the check, for the fiscal year ended June 30, 1911, was $175,936,358.

The foregoing does not include estimated losses on a large number of small lines resulting from the application of the long-and-short-haul clause rule on the intraline traffic; that is to say, traffic which was not interchanged with the reporting lines, but which moved wholly between points on these small nonreporting lines. These smaller lines had an aggregate freight revenue during the same year of $15,205,226. The total freight revenue of these reporting and small lines for the fiscal year ended June 30, 1911, was $191,141,585. The computed losses were, as before stated, $12,869,727.81, which amounts to 6.73 per cent of the total freight earnings. * * *

The total estimated losses accruing to all lines in southeastern territory, brought about by a rigid application of the long-and-short-haul clause in the manner above defined, would have been $16,026,512 for the year considered. There are very nearly 39,900 miles of railway in this territory operated by approximately 140 different companies. For the fiscal year ending June 30, 1911, the records of 78 of these companies show a surplus varying from $300 to $8,500,000. Eight of the systems show a surplus of more than $1,000,000; 16 show a surplus of between $100,000 and $1,000,000; 25 show a surplus of between $10,000 and $100,000; and 29 show a surplus of less than $10,000. The total surplus shown is $39,573,012 left to these various companies at the end of a year after paying operating expenses and fixed charges. Forty-five show deficits varying from $500 to $1,000,000 in amount and aggregating $2,878,381. * * *

While the check as made showed without doubt the approximate loss to all of these lines that would result from the application of the long-and-short-haul clause in the manner as-

and fixed charges and leave to their stockholders even a moderate return. * * *

From the foregoing it is seen that the allegations of the carriers have been sustained to a great extent and, as evidenced by the orders of the Interstate Commerce Commission issued in connection with this case, the strict observance of the long-and-short-haul principle was required in but few instances. The orders issued, however, indicate that the Commission was quite consistent in denying the continuance of rates to intermediate points which were on a higher basis than the actual combination of through rates to the base points plus the local rates therefrom.

A careful consideration of these orders is especially recommended to those who are interested in the shipping of goods from or to this territory, as many substantial reductions have been ordered which may influence to some degree commercial quotations that are based on existing rates of freight and the routes via which traffic has been previously forwarded to destination.

In conclusion, it is hoped, now that the meddlesome long-and-short-haul clause has been construed for all time in so far as this territory is concerned, that the general public will unite with the carriers in an endeavor to develop the basing-point system of rates to the highest stage of efficiency, in the belief that with this most perplexing question settled other differences are of small moment and are such as may easily be adjudicated between the parties interested.

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Seventh. That on or before April 1, 1915, on the route from Louisville to Brunswick (Louisville & Nashville Railroad to Montgomery, Ala.; Atlantic Coast Line Railroad from Montgomery to Brunswick; constructive mileage, 863), the rates to stations between Montgomery and Dupont, Ga., except Bainbridge, Ga., are so corrected as to avoid departures from the long-and-short-haul clause, and rates to stations east of Dupont are not higher than the combination on Brunswick.

Eighth. That on or before April 1, 1915, on the route from Cincinnati to Brunswick (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Chattanooga, Tenn.; Southern Railway from Chattanooga through Rome, Atlanta, and Macon to Brunswick; constructive mileage, 767), the rates to stations between Macon, Ga., and Helena, Ga., are so corrected that they do not exceed the present rates to Helena, and the rates to stations south of Helena do not exceed rates to Helena by more than 5 per cent and in no case exceed the combination on Brunswick.

Ninth. That on or before April 1, 1915, on the route from Louisville to Jacksonville (Louisville & Nashville Railroad to River Junction, Fla.; Seaboard Air Line Railway from River Junction, Fla., to Jacksonville, Fla.; constructive mileage, 960), the rates to stations between River Junction, Fla., and Welborn, Fla., are so corrected as to avoid violations of the long-and-short-haul clause and to be not higher than the rates over two-line hauls for like distances shown in Table A, and the rates to stations east of Welborn do not exceed the combination on Jacksonville.

Tenth. That on the route from Cincinnati to Jacksonville (Cincinnati, New Orleans & Texas Pacific Railway to Chattanooga; Southern Railway from Chattanooga to Jesup, Ga.; Atlantic Coast Line Railroad from Jesup to Jacksonville; constructive mileage, 843), the rates to stations between Jesup, Ga., and Jacksonville do not exceed the combination upon either Brunswick or Jacksonville.

The carriers operating routes from Cincinnati through territory on and west of the line formed by the Central of Georgia Railway, Birmingham, Ala., to Columbus, Ga., and the Chattahoochee River, Columbus to Apalachicola, Fla., to points east of the line above described, and carriers operating routes from Louisville and other lower Ohio River crossings through territory east of the said line to points west of such line are authorized to continue such departures from the requirements of the fourth section as may be necessary to

16. In connection with the New Orleans, La., adjustment, what may be said with reference to the application of rates from Cairo, Ill.?

17. What rates are applied from Lawrenceburg, Ind., to Mobile, Ala.?

18. Ashland, Ky., is ordinarily considered as a Western Termini; as such, what rates would be applied therefrom on traffic destined to New Orleans, La.?

19. Name the more important sub-territories or groups into which the larger part of Central Freight Association Territory is divided.

20. How are the class rates from Traverse City, Mich., to New Orleans, La., constructed?

21. On traffic originating at non-competitive points in the southeast, what is the general adjustment of rates to and from the Gulf ports?

22. Are the class rates and the commodity rates from St. Louis, Mo., fixed under the same principle?

23. Assuming that a commodity carried a rate of 21 cents from Nashville, Tenn., to Mobile, Ala., how would the rates from Peoria, Ill., be adjusted?

24. If a rate of 15½ cents per 100 pounds were established from Cincinnati, Ohio, to New Orleans, La., what would be the rate from Milwaukee, Wis.?

25. If a rate of $6 per ton of 2,000 pounds were established from St. Louis, Mo., to New Orleans, La., what would be the corresponding rate from Springfield, Ill.?

26. Assuming that the rate on pig iron from Chicago, Ill., to New Orleans, La., were $2.75 per ton of 2,240 pounds, what would be the rate to apply from Louisville, Ky.?

27. How are the rates on shipments of live stock fixed?

28. Upon what basis are the rates to Gulfport, Miss., established?

29. What are the class rates on the first six classes from Detroit, Mich., to Pensacola, Fla.?

30. Is water service available at the present time between Memphis, Tenn., and St. Louis, Mo.?

31. Does water competition have to be observed in all cases in fixing the rates via the rail lines?

Fifth. That on the route to Tampa, Fla., (Louisville & Nashville Railroad to River Junction, Fla.; Seaboard Air Line Railway from River Junction through Baldwin to Tampa, Fla.; 788 miles), the rates to stations between Jacksonville and Tampa not affected by combination on either of these points are not increased, and the rates to stations between Jacksonville and Tampa which are made by combination on either Jacksonville or Tampa do not exceed such combination.

To Augusta, Ga.

The continuance of rates on classes and commodities from New Orleans, La., to Augusta, Ga., and to points contiguous thereto, to which rates from New Orleans are made by combination on Augusta which are lower than the rates concurrently applicable on like traffic to intermediate points: Provided—

That on the route from New Orleans to Augusta (Louisville & Nashville Railroad from New Orleans to Montgomery; Western Railway of Alabama and Atlanta & West Point Railroad from Montgomery to Atlanta; Georgia Railroad from Atlanta to Augusta; 664 miles), the rates to stations between Atlanta and Augusta affected by combination on one of these points do not exceed such combination and the rates to stations not so affected are not increased.

To Augusta, Macon, and Columbus, Ga., and Montgomery and Selma, Ala.

The continuance of class and commodity rates from Cincinnati, Ohio, and Louisville, Ky., to Augusta, Macon, and Columbus, Ga., and to Montgomery and Selma, Ala., and to points contiguous thereto, to which rates from Cincinnati and Louisville are made by combination on the above-named points of destination, which are lower than the rates concurrently applicable on like traffic to intermediate points: Provided—

First. That on the route from Cincinnati to Augusta (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Harriman Junction; Southern Railway to Spartanburg, S. C.; Charleston & Western Carolina Railway to Augusta; 642 miles), the rates to stations between Spartanburg, S. C., and Augusta not affected by combination on Augusta are not increased, and the rates to stations affected by combination on Augusta do not exceed the combination on Augusta.

Second. That on or before April 1, 1915, on the route from Louisville to Augusta (Louisville & Nashville Railroad to Nashville; Nashville, Chattanooga & St. Louis Railway to Atlanta; Georgia Railroad to Augusta; 650 miles), the rates to stations between Atlanta and Augusta are so corrected that they do not exceed the rates over two-line hauls of like distances shown in Table A.

Third. That on or before April 1, 1915, on the route from Cincinnati to Macon (Cincinnati, New Orleans & Texas Pacific Railway to Chattanooga; Southern Railway through Rome and Atlanta to Macon; 580 miles), the rates to stations between Atlanta and Macon are so corrected that they do not exceed the rates over two-line hauls for like distances shown in Table A.

Fourth. That on or before April 1, 1915, on the route from Louisville to Macon (Louisville & Nashville Railroad to Birmingham; Central of Georgia Railway from Birmingham to Macon; 647 miles), the rates to stations between Columbus and Macon are so aligned that they do not contravene the provisions of the fourth section and do not exceed the rates over two-line hauls of like distances shown in Table A.

48. What are the rates on the first six classes from Cincinnati, Ohio, to Meridian, Miss.?

49. What are the rates on Classes A, B, and C from Milwaukee, Wis., to Jackson, Miss.?

50. How, as a general rule, are the rates made from Central Freight Association Territory to Jackson and Meridian, Miss.?

51. What are the rates on the numbered classes from Chattanooga, Tenn., to Jackson, Miss.?

52. How are the rates adjusted from Knoxville, Tenn., to Jackson, Miss.?

53. How are the rates to Hattiesburg, Miss., fixed with relation to the rates to Jackson, Miss.?

54. What is meant by the term "a base point"?

55. What is the base point for the construction of rates from Chicago, Ill., to Union City, Tenn.?

56. How are the rates to Martin, Gibbs, and Rives, Tenn., fixed with relation to the rates to Union City, Tenn.?

57. What are the rates on the lettered classes from Cairo, Ill., to Humboldt, Tenn.?

58. What is the Class-F rate from Nashville, Tenn., to Jackson, Tenn.?

59. What is the Class-D rate from Indianapolis, Ind., to Grand Junction, Tenn.?

60. Are the rates from Memphis, Tenn., made upon any fixed basis?

61. What is meant by the term "arbitrarily established"?

62. What is the base point for the construction of rates to Tupelo, Miss.?

63. What are the rates on the first three classes from Memphis, Tenn., to Winona, Miss.?

64. What are the basing rates from Memphis, Tenn., to Yazoo City, Miss.?

65. What are the minimum rates from Chattanooga, Tenn., to Jackson, Tenn.?

66. Upon what basis are the rates constructed from Knoxville, Tenn., to junction points north of Grand Junction, Tenn., and Corinth, Miss.?

To Albany, Ga., and Chattanooga, Tenn.

The continuance of class and commodity rates from Cincinnati, Ohio, and Louisville, Ky., to Albany, Ga., and Chattanooga, Tenn., which are lower than the rates concurrently applicable on like traffic to intermediate points is denied, effective April 1, 1915.

To Atlanta, Athens, Cordele, and Rome, Ga.

The continuance of lower rates on classes and commodities from New Orleans, La., to Atlanta (Louisville & Nashville Railroad from New Orleans to Atlanta; Western Railway of Alabama from New Orleans to Montgomery; Atlanta & West Point Railway from Montgomery to Atlanta; 493 miles), Athens (Louisville & Nashville Railroad from New Orleans to Montgomery; Western Railway of Alabama and Atlanta & West Point Railway from Montgomery to Atlanta; Seaboard Air Line Railway from Atlanta to Athens; 566 miles), Cordele (Louisville & Nashville Railroad from New Orleans to Montgomery; Seaboard Air Line Railway from Montgomery to Cordele; 488 miles), and Rome (Louisville & Nashville Railroad from New Orleans to Birmingham; Southern Railway from Birmingham to Rome; 542 miles) is denied, effective April 1, 1915.

To Atlanta, Athens, Rome, and Cordele, Ga., Birmingham, Ala., and Meridian and Jackson, Miss.

The continuance of lower class and commodity rates from Cincinnati and Louisville to Atlanta, Athens, Rome and Cordele, Ga., Birmingham, Ala., and Meridian and Jackson, Miss., and from Cairo, Ill., St. Louis, Mo., and Chicago, Ill., to Meridian and Jackson than the rates concurrently applicable on like traffic to intermediate points is denied, effective April 1, 1915.

It will be noted in these orders of the Commission that the basing points only have been singled out. It follows, however, that these adjustments will be reflected in through rates from adjoining territories, such as from Southwestern Tariff Committee Territory, Western Trunk Line Territory, and Central Freight Association Territory, by reason of the fact that through rates are, as a rule, made by applying the rates of those associations up to the base points plus the rates from the base points to destinations. Consequently, if the maintenance of higher rates to points intermediate to Chattanooga is denied, it necessarily follows that the continuance of higher rates to intermediate points from points basing on Chattanooga is likewise automatically prohibited.

84. What market of production outside of Southern Territory influences the rates on furniture from points in Southern Territory?

85. When did the Act to Regulate Commerce originally become effective?

86. Summarize briefly the conditions affecting transportation that existed prior to the passage of the Act.

87. What is the substance of the long-and-short-haul clause?

88. Was the requirement of the long-and-short-haul clause complied with by the carriers throughout the country?

89. Does the contention of the carriers that through traffic may be handled more economically than local traffic appear logical to you?

90. What was the first case of any note that was conducted by the Interstate Commerce Commission? What were the Commission's findings in this case? What was the effect of its order?

91. Did the court at that time sustain the contentions of the carriers or the order of the Commission?

92. What was the effect of the legislation of 1910 with regard to the long-and-short-haul clause?

93. Summarize briefly the rules of law that affect this situation.

94. Upon what lines was the defense of the adjustment conducted by the carriers?

95. What were the findings of the Interstate Commerce Commission upon the rehearing of this case?

APPENDIX A

SECTION 4 OF THE ACT TO REGULATE COMMERCE

Throughout this treatise, continued reference to the fourth section of the Act to Regulate Commerce, styled the long-and-short-haul clause, has been made and we are accordingly reproducing this section of the Act in its entirety in order that it may be carefully studied in connection with the opinions expressed and the decisions rendered which are based thereon.

SEC. 4. (*As amended June 18, 1910.*) That it shall be unlawful for any common carrier subject to the provisions of this Act to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through route than the aggregate of the intermediate rates subject to the provisions of this Act; but this shall not be construed as authorizing any common carrier within the terms of this Act to charge or receive as great compensation for a shorter as for a longer distance: *Provided, however,* That upon application to the Interstate Commerce Commission such common carrier may in special cases, after investigation, be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section: *Provided, further,* That no rates or charges lawfully existing at the time of the passage of this amendatory Act shall be required to be changed by reason of the provisions of this section prior to the expiration of six months after the passage of this Act, nor in any case where application shall have been filed before the Commission, in accordance with the provisions of this section, until a determination of such application by the Commission.

Whenever a carrier by railroad shall in competition with a water route or routes reduce the rates on the carriage of any species of freight to or from competitive points, it shall not be permitted to increase such rates unless after hearing by the Interstate Commerce Commission it shall be found that such proposed increase rests upon changed conditions other than the elimination of water competition.

It must not be understood, however, that violations exist in this territory alone, for such is not the case. The circuitous lines in Official Classification Territory violate in many instances, under the Central Freight Association and Trunk Line mileage basis, the provisions of this Act. Likewise, the Trans-Continental trunk lines maintain higher rates to intermediate points from certain territories than they do to terminal cities. In the latter case, however, the Commission has indicated that the carriers were justified to some extent in this practice and has authorized the continuance of the policy.[1]

[1]See Part 3 of "Freight Rates—Western Territory."

It would be manifestly impossible for the Interstate Commerce Commission to analyze every tariff and rate that is filed with it by the carriers in order to determine whether or not the provisions of the Act are violated.

For this reason, the Commission has incorporated in its tariff regulations a very liberal rule relieving the carriers of the necessity of publishing specific rates from or to all intermediate stations not to exceed the most distant point of origin. This rule is embodied in Tariff Circular No. 18-A and reads as follows:

77. PUBLISHING AND FILING TARIFFS UNDER AMENDED FOURTH SECTION OF THE ACT (adopted February 13, 1911).—If tariffs containing commodity rates applicable from points of production provide for their application from intermediate points not named, it would be necessary to post those tariffs at every intermediate point, although such shipment may never be made from a point not specifically named. If such tariffs do not provide for application from intermediate points, they would conflict with the amended fourth section of the Act whenever the class rate or a combination from an intermediate point exceeds the commodity rate from a more distant point.

Tariffs should not contain volumes of unnecessary rates, and it is undesirable to require the posting of large numbers of tariffs at points from which no shipments are likely to move. Therefore, until further ordered, carriers may file tariffs containing commodity rates applicable from known points of production without making such rates applicable from all intermediate points. Each such tariff shall bear on its title-page the following notation:

By authority of Rule 77 of Interstate Commerce Commission Tariff Circular No. 18-A, this tariff (these rates) is not (are not) made applicable from (or to) all intermediate points. Upon reasonable request therefor rates which will not exceed those in effect from (or to) more distant points will, under authority granted by the Interstate Commerce Commission, be established from (or to) any intermediate point hereunder upon one day's notice to the Commission and to the public.

In observance of this Rule carriers may on one day's lawful notice to the Commission and to the public extend the application of the rates shown in the tariff by establishing such rates from intermediate points which do not exceed the rates from the more distant point on same line or route, provided no advance is thereby made in any existing rate.

Ordinarily rates to intermediate points of destination not named in the tariff can properly and should be provided for by a clause in the tariff authorizing the application of its rates to intermediate points of destination, but in instances where the intermediate application of rates is impracticable or where conflicting rates would result therefrom, commodity rates may in the first instance be established to such intermediate destinations not higher than to more distant points on same line or route on like notice as from points of origin, provided no advance is thereby made in any existing rate.

For the purpose of eliminating from tariffs higher charges for shorter hauls as same are referred to in the amended fourth section of the Act, and when same have been in effect thirty days or more, carriers may make such changes effective on one day's lawful notice to the Commission and to the public, provided such changes are in each instance reductions in rates, fares, or charges. (See Rule 56.)

A tariff or supplement containing rates or fares issued upon short notice under authority of this Rule must bear on its title-page or in connection with the item containing the rate or fare the following notation:

Issued under authority of Rule 77 of Interstate Commerce Commission Tariff Circular No. 18-A. The rate (fare, or rates or fares) hereby reduced

appears (or appear) in ——— tariff I. C. C. No. ———, item (or page) ———, and the rate (fare, or rates or fares) from (or to) ——— [name it], the more distant point, appears (or appear) in ——— tariff I. C. C. No. ———, item (or page) ———.

When the Commission has issued an order granting to a carrier authority to depart from the provisions of the amended fourth section of the Act and to charge higher rates or fares for shorter than for longer distances over the same line or route, the title-page of each tariff issued and filed under such authority must bear the following notation:

This tariff contains rates (fares) that are higher for shorter distances than for longer distances over the same route, such departure from the terms of the amended fourth section of the Act to regulate commerce is permitted by authority of Interstate Commerce Commission Order F. S. No. — of [date] 19—.

When the Commission has issued an order granting to a carrier authority to depart from the provisions of the amended fourth section of the Act and to charge rates or fares higher than the aggregate of the intermediate rates or fares subject to the Act, the title-page of each tariff issued and filed under such authority must bear the following notation:

This tariff contains rates (or fares) that exceed the sums of the intermediate rates (or fares) subject to the Act. Such departure from the terms of the amended fourth section of the Act to regulate commerce is permitted by authority of Interstate Commerce Commission Order F. S. No. — of [date] 19—.

Nothing in this Rule may be construed as waiving any of the provisions of the amended fourth section of the Act to regulate commerce.

The tariff publications of the carriers should, therefore, be consulted for departures from the provisions of the long-and-short-haul clause, for when such departures exist, they must be specifically provided for, as indicated in the foregoing rule.

APPENDIX B

READJUSTMENT OF RATES TO SOUTHEASTERN TERRITORY FROM EASTERN POINTS OF ORIGIN

In connection with this and subsequent divisions of this work, it has seemed desirable to consolidate the orders of the Interstate Commerce Commission pertaining to the petition of the carriers in the long-and-short-haul case under subdivisions arranged according to territorial points of origin. In this subdivision, therefore, will be found the orders of the Commission affecting traffic originating at the Eastern Cities and destined to the following points:

Charleston, S. C.	Savannah, Ga.	Brunswick, Ga.	Jacksonville, Fla.
New Orleans, La.	Mobile, Ala.	Pensacola, Fla.	Augusta, Ga.
Memphis, Tenn.	Macon, Ga.	Milledgeville, Ga.	Hawkinsville, Ga.
Dublin, Ga.	Columbus, Ga.	Eufaula, Ala.	Montgomery, Ala.
Selma, Ala.	Demopolis, Ala.	Tuscaloosa, Ala.	Rome, Ga.
Birmingham, Ala.	Meridian, Miss.	Jackson, Miss.	Albany, Ga.
Atlanta, Ga.	Athens, Ga.	Cordele, Ga.	

CONTINUANCES

The following continuances were allowed.

To South Atlantic and Gulf Ports

The continuance of class and commodity rates from New York City to Charleston, S. C., Savannah and Brunswick, Ga., Jacksonville, Fla., New Orleans, La., Mobile, Ala., and Pensacola, Fla., and to other stations contiguous thereto to which rates from New York are made by combination on the above-named points of destination, which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided, That the rates to intermediate local stations which have not been depressed by combination on contiguous competitive points are not increased.

To Points Intermediate to Augusta, Ga., Memphis, Tenn., Macon and Milledgeville, Ga.

The continuance of class and commodity water-and-rail rates from New York City to Augusta, Ga., Memphis, Tenn., Macon, Milledgeville, Hawkinsville, Dublin, and Columbus, Ga., Eufaula, Montgomery, Selma, Demopolis, and Tuscaloosa, Ala., and to points to which rates are made by combination on the above-named points of destination which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided—

To Albany, Ga., and Chattanooga, Tenn.

The continuance of class and commodity rates from Cincinnati, Ohio, and Louisville, Ky., to Albany, Ga., and Chattanooga, Tenn., which are lower than the rates concurrently applicable on like traffic to intermediate points is denied, effective April 1, 1915.

To Atlanta, Athens, Cordele, and Rome, Ga.

The continuance of lower rates on classes and commodities from New Orleans, La., to Atlanta (Louisville & Nashville Railroad from New Orleans to Atlanta; Western Railway of Alabama from New Orleans to Montgomery; Atlanta & West Point Railway from Montgomery to Atlanta; 493 miles), Athens (Louisville & Nashville Railroad from New Orleans to Montgomery; Western Railway of Alabama and Atlanta & West Point Railway from Montgomery to Atlanta; Seaboard Air Line Railway from Atlanta to Athens; 566 miles), Cordele (Louisville & Nashville Railroad from New Orleans to Montgomery; Seaboard Air Line Railway from Montgomery to Cordele; 488 miles), and Rome (Louisville & Nashville Railroad from New Orleans to Birmingham; Southern Railway from Birmingham to Rome; 542 miles) is denied, effective April 1, 1915.

To Atlanta, Athens, Rome, and Cordele, Ga., Birmingham, Ala., and Meridian and Jackson, Miss.

The continuance of lower class and commodity rates from Cincinnati and Louisville to Atlanta, Athens, Rome and Cordele, Ga., Birmingham, Ala., and Meridian and Jackson, Miss., and from Cairo, Ill., St. Louis, Mo., and Chicago, Ill., to Meridian and Jackson than the rates concurrently applicable on like traffic to intermediate points is denied, effective April 1, 1915.

It will be noted in these orders of the Commission that the basing points only have been singled out. It follows, however, that these adjustments will be reflected in through rates from adjoining territories, such as from Southwestern Tariff Committee Territory, Western Trunk Line Territory, and Central Freight Association Territory, by reason of the fact that through rates are, as a rule, made by applying the rates of those associations up to the base points plus the rates from the base points to destinations. Consequently, if the maintenance of higher rates to points intermediate to Chattanooga is denied, it necessarily follows that the continuance of higher rates to intermediate points from points basing on Chattanooga is likewise automatically prohibited.

It would be manifestly impossible for the Interstate Commerce Commission to analyze every tariff and rate that is filed with it by the carriers in order to determine whether or not the provisions of the Act are violated.

For this reason, the Commission has incorporated in its tariff regulations a very liberal rule relieving the carriers of the necessity of publishing specific rates from or to all intermediate stations not to exceed the most distant point of origin. This rule is embodied in Tariff Circular No. 18-A and reads as follows:

77. PUBLISHING AND FILING TARIFFS UNDER AMENDED FOURTH SECTION OF THE ACT (adopted February 13, 1911).—If tariffs containing commodity rates applicable from points of production provide for their application from intermediate points not named, it would be necessary to post those tariffs at every intermediate point, although such shipment may never be made from a point not specifically named. If such tariffs do not provide for application from intermediate points, they would conflict with the amended fourth section of the Act whenever the class rate or a combination from an intermediate point exceeds the commodity rate from a more distant point.

Tariffs should not contain volumes of unnecessary rates, and it is undesirable to require the posting of large numbers of tariffs at points from which no shipments are likely to move. Therefore, until further ordered, carriers may file tariffs containing commodity rates applicable from known points of production without making such rates applicable from all intermediate points. Each such tariff shall bear on its title-page the following notation:

By authority of Rule 77 of Interstate Commerce Commission Tariff Circular No. 18-A, this tariff (these rates) is not (are not) made applicable from (or to) all intermediate points. Upon reasonable request therefor rates which will not exceed those in effect from (or to) more distant points will, under authority granted by the Interstate Commerce Commission, be established from (or to) any intermediate point hereunder upon one day's notice to the Commission and to the public.

In observance of this Rule carriers may on one day's lawful notice to the Commission and to the public extend the application of the rates shown in the tariff by establishing such rates from intermediate points which do not exceed the rates from the more distant point on same line or route, provided no advance is thereby made in any existing rate.

Ordinarily rates to intermediate points of destination not named in the tariff can properly and should be provided for by a clause in the tariff authorizing the application of its rates to intermediate points of destination, but in instances where the intermediate application of rates is impracticable or where conflicting rates would result therefrom, commodity rates may in the first instance be established to such intermediate destinations not higher than to more distant points on same line or route on like notice as from points of origin, provided no advance is thereby made in any existing rate.

For the purpose of eliminating from tariffs higher charges for shorter hauls as same are referred to in the amended fourth section of the Act, and when same have been in effect thirty days or more, carriers may make such changes effective on one day's lawful notice to the Commission and to the public, provided such changes are in each instance reductions in rates, fares, or charges. (See Rule 56.)

A tariff or supplement containing rates or fares issued upon short notice under authority of this Rule must bear on its title-page or in connection with the item containing the rate or fare the following notation:

Issued under authority of Rule 77 of Interstate Commerce Commission Tariff Circular No. 18-A. The rate (fare, or rates or fares) hereby reduced

appears (or appear) in ——— tariff I. C. C. No. ———, item (or page) ———, and the rate (fare, or rates or fares) from (or to) ——— [name it], the more distant point, appears (or appear) in ——— tariff I. C. C. No. ———, item (or page) ———.

When the Commission has issued an order granting to a carrier authority to depart from the provisions of the amended fourth section of the Act and to charge higher rates or fares for shorter than for longer distances over the same line or route, the title-page of each tariff issued and filed under such authority must bear the following notation:

This tariff contains rates (fares) that are higher for shorter distances than for longer distances over the same route, such departure from the terms of the amended fourth section of the Act to regulate commerce is permitted by authority of Interstate Commerce Commission Order F. S. No. — of [date] 19—.

When the Commission has issued an order granting to a carrier authority to depart from the provisions of the amended fourth section of the Act and to charge rates or fares higher than the aggregate of the intermediate rates or fares subject to the Act, the title-page of each tariff issued and filed under such authority must bear the following notation:

This tariff contains rates (or fares) that exceed the sums of the intermediate rates (or fares) subject to the Act. Such departure from the terms of the amended fourth section of the Act to regulate commerce is permitted by authority of Interstate Commerce Commission Order F. S. No. — of [date] 19—.

Nothing in this Rule may be construed as waiving any of the provisions of the amended fourth section of the Act to regulate commerce.

The tariff publications of the carriers should, therefore, be consulted for departures from the provisions of the long-and-short-haul clause, for when such departures exist, they must be specifically provided for, as indicated in the foregoing rule.

APPENDIX B

READJUSTMENT OF RATES TO SOUTHEASTERN TERRITORY FROM EASTERN POINTS OF ORIGIN

In connection with this and subsequent divisions of this work, it has seemed desirable to consolidate the orders of the Interstate Commerce Commission pertaining to the petition of the carriers in the long-and-short-haul case under subdivisions arranged according to territorial points of origin. In this subdivision, therefore, will be found the orders of the Commission affecting traffic originating at the Eastern Cities and destined to the following points:

Charleston, S. C.	Savannah, Ga.	Brunswick, Ga.	Jacksonville, Fla.
New Orleans, La.	Mobile, Ala.	Pensacola, Fla.	Augusta, Ga.
Memphis, Tenn.	Macon, Ga.	Milledgeville, Ga.	Hawkinsville, Ga.
Dublin, Ga.	Columbus, Ga.	Eufaula, Ala.	Montgomery, Ala.
Selma, Ala.	Demopolis, Ala.	Tuscaloosa, Ala.	Rome, Ga.
Birmingham, Ala.	Meridian, Miss.	Jackson, Miss.	Albany, Ga.
Atlanta, Ga.	Athens, Ga.	Cordele, Ga.	

CONTINUANCES

The following continuances were allowed.

To South Atlantic and Gulf Ports

The continuance of class and commodity rates from New York City to Charleston, S. C., Savannah and Brunswick, Ga., Jacksonville, Fla., New Orleans, La., Mobile, Ala., and Pensacola, Fla., and to other stations contiguous thereto to which rates from New York are made by combination on the above-named points of destination, which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided, That the rates to intermediate local stations which have not been depressed by combination on contiguous competitive points are not increased.

To Points Intermediate to Augusta, Ga., Memphis, Tenn., Macon and Milledgeville, Ga.

The continuance of class and commodity water-and-rail rates from New York City to Augusta, Ga., Memphis, Tenn., Macon, Milledgeville, Hawkinsville, Dublin, and Columbus, Ga., Eufaula, Montgomery, Selma, Demopolis, and Tuscaloosa, Ala., and to points to which rates are made by combination on the above-named points of destination which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided—

APPENDIX A

SECTION 4 OF THE ACT TO REGULATE COMMERCE

Throughout this treatise, continued reference to the fourth section of the Act to Regulate Commerce, styled the long-and-short-haul clause, has been made and we are accordingly reproducing this section of the Act in its entirety in order that it may be carefully studied in connection with the opinions expressed and the decisions rendered which are based thereon.

SEC. 4. (*As amended June 18, 1910.*) That it shall be unlawful for any common carrier subject to the provisions of this Act to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through route than the aggregate of the intermediate rates subject to the provisions of this Act; but this shall not be construed as authorizing any common carrier within the terms of this Act to charge or receive as great compensation for a shorter as for a longer distance: *Provided, however,* That upon application to the Interstate Commerce Commission such common carrier may in special cases, after investigation, be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section: *Provided, further,* That no rates or charges lawfully existing at the time of the passage of this amendatory Act shall be required to be changed by reason of the provisions of this section prior to the expiration of six months after the passage of this Act, nor in any case where application shall have been filed before the Commission, in accordance with the provisions of this section, until a determination of such application by the Commission.

Whenever a carrier by railroad shall in competition with a water route or routes reduce the rates on the carriage of any species of freight to or from competitive points, it shall not be permitted to increase such rates unless after hearing by the Interstate Commerce Commission it shall be found that such proposed increase rests upon changed conditions other than the elimination of water competition.

It must not be understood, however, that violations exist in this territory alone, for such is not the case. The circuitous lines in Official Classification Territory violate in many instances, under the Central Freight Association and Trunk Line mileage basis, the provisions of this Act. Likewise, the Trans-Continental trunk lines maintain higher rates to intermediate points from certain territories than they do to terminal cities. In the latter case, however, the Commission has indicated that the carriers were justified to some extent in this practice and has authorized the continuance of the policy.[1]

[1]See Part 3 of "Freight Rates—Western Territory."

It would be manifestly impossible for the Interstate Commerce Commission to analyze every tariff and rate that is filed with it by the carriers in order to determine whether or not the provisions of the Act are violated.

For this reason, the Commission has incorporated in its tariff regulations a very liberal rule relieving the carriers of the necessity of publishing specific rates from or to all intermediate stations not to exceed the most distant point of origin. This rule is embodied in Tariff Circular No. 18-A and reads as follows:

77. PUBLISHING AND FILING TARIFFS UNDER AMENDED FOURTH SECTION OF THE ACT (adopted February 13, 1911).—If tariffs containing commodity rates applicable from points of production provide for their application from intermediate points not named, it would be necessary to post those tariffs at every intermediate point, although such shipment may never be made from a point not specifically named. If such tariffs do not provide for application from intermediate points, they would conflict with the amended fourth section of the Act whenever the class rate or a combination from an intermediate point exceeds the commodity rate from a more distant point.

Tariffs should not contain volumes of unnecessary rates, and it is undesirable to require the posting of large numbers of tariffs at points from which no shipments are likely to move. Therefore, until further ordered, carriers may file tariffs containing commodity rates applicable from known points of production without making such rates applicable from all intermediate points. Each such tariff shall bear on its title-page the following notation:

By authority of Rule 77 of Interstate Commerce Commission Tariff Circular No. 18-A, this tariff (these rates) is not (are not) made applicable from (or to) all intermediate points. Upon reasonable request therefor rates which will not exceed those in effect from (or to) more distant points will, under authority granted by the Interstate Commerce Commission, be established from (or to) any intermediate point hereunder upon one day's notice to the Commission and to the public.

In observance of this Rule carriers may on one day's lawful notice to the Commission and to the public extend the application of the rates shown in the tariff by establishing such rates from intermediate points which do not exceed the rates from the more distant point on same line or route, provided no advance is thereby made in any existing rate.

Ordinarily rates to intermediate points of destination not named in the tariff can properly and should be provided for by a clause in the tariff authorizing the application of its rates to intermediate points of destination, but in instances where the intermediate application of rates is impracticable or where conflicting rates would result therefrom, commodity rates may in the first instance be established to such intermediate destinations not higher than to more distant points on same line or route on like notice as from points of origin, provided no advance is thereby made in any existing rate.

For the purpose of eliminating from tariffs higher charges for shorter hauls as same are referred to in the amended fourth section of the Act, and when same have been in effect thirty days or more, carriers may make such changes effective on one day's lawful notice to the Commission and to the public, provided such changes are in each instance reductions in rates, fares, or charges. (See Rule 56.)

A tariff or supplement containing rates or fares issued upon short notice under authority of this Rule must bear on its title-page or in connection with the item containing the rate or fare the following notation:

Issued under authority of Rule 77 of Interstate Commerce Commission Tariff Circular No. 18-A. The rate (fare, or rates or fares) hereby reduced

appears (or appear) in ——— tariff I. C. C. No. ———, item (or page) ———, and the rate (fare, or rates or fares) from (or to) ——— [name it], the more distant point, appears (or appear) in ——— tariff I. C. C. No. ———, item (or page) ———.

When the Commission has issued an order granting to a carrier authority to depart from the provisions of the amended fourth section of the Act and to charge higher rates or fares for shorter than for longer distances over the same line or route, the title-page of each tariff issued and filed under such authority must bear the following notation:

This tariff contains rates (fares) that are higher for shorter distances than for longer distances over the same route, such departure from the terms of the amended fourth section of the Act to regulate commerce is permitted by authority of Interstate Commerce Commission Order F. S. No. — of [date] 19—.

When the Commission has issued an order granting to a carrier authority to depart from the provisions of the amended fourth section of the Act and to charge rates or fares higher than the aggregate of the intermediate rates or fares subject to the Act, the title-page of each tariff issued and filed under such authority must bear the following notation:

This tariff contains rates (or fares) that exceed the sums of the intermediate rates (or fares) subject to the Act. Such departure from the terms of the amended fourth section of the Act to regulate commerce is permitted by authority of Interstate Commerce Commission Order F. S. No. — of [date] 19—.

Nothing in this Rule may be construed as waiving any of the provisions of the amended fourth section of the Act to regulate commerce.

The tariff publications of the carriers should, therefore, be consulted for departures from the provisions of the long-and-short-haul clause, for when such departures exist, they must be specifically provided for, as indicated in the foregoing rule.

APPENDIX B

READJUSTMENT OF RATES TO SOUTHEASTERN TERRITORY FROM EASTERN POINTS OF ORIGIN

In connection with this and subsequent divisions of this work, it has seemed desirable to consolidate the orders of the Interstate Commerce Commission pertaining to the petition of the carriers in the long-and-short-haul case under subdivisions arranged according to territorial points of origin. In this subdivision, therefore, will be found the orders of the Commission affecting traffic originating at the Eastern Cities and destined to the following points:

Charleston, S. C.	Savannah, Ga.	Brunswick, Ga.	Jacksonville, Fla.
New Orleans, La.	Mobile, Ala.	Pensacola, Fla.	Augusta, Ga.
Memphis, Tenn.	Macon, Ga.	Milledgeville, Ga.	Hawkinsville, Ga.
Dublin, Ga.	Columbus, Ga.	Eufaula, Ala.	Montgomery, Ala.
Selma, Ala.	Demopolis, Ala.	Tuscaloosa, Ala.	Rome, Ga.
Birmingham, Ala.	Meridian, Miss.	Jackson, Miss.	Albany, Ga.
Atlanta, Ga.	Athens, Ga.	Cordele, Ga.	

CONTINUANCES

The following continuances were allowed.

To South Atlantic and Gulf Ports

The continuance of class and commodity rates from New York City to Charleston, S. C., Savannah and Brunswick, Ga., Jacksonville, Fla., New Orleans, La., Mobile, Ala., and Pensacola, Fla., and to other stations contiguous thereto to which rates from New York are made by combination on the above-named points of destination, which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided, That the rates to intermediate local stations which have not been depressed by combination on contiguous competitive points are not increased.

To Points Intermediate to Augusta, Ga., Memphis, Tenn., Macon and Milledgeville, Ga.

The continuance of class and commodity water-and-rail rates from New York City to Augusta, Ga., Memphis, Tenn., Macon, Milledgeville, Hawkinsville, Dublin, and Columbus, Ga., Eufaula, Montgomery, Selma, Demopolis, and Tuscaloosa, Ala., and to points to which rates are made by combination on the above-named points of destination which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided—

First. That on or before April 1, 1915, on the route from New York to Augusta (Ocean Steamship Company of Savannah to Savannah, Ga., Central of Georgia Railroad from Savannah to Augusta, Ga.; constructive mileage, 382), the rates to stations between Savannah and Augusta are so corrected as not to exceed the rates for two-line hauls for like distances shown in Table A.

Second. That on the route from New York to Memphis (Pennsylvania Railroad to Potomac Yards, Va.; Southern Railway from Potomac Yards to Lynchburg, Va.; Norfolk and Western Railway from Lynchburg, Va., to Bristol, Tenn.; Southern Railway from Bristol, Tenn., to Memphis, Tenn.; 1,160 miles), the rates to stations between Chattanooga and Memphis affected by combination on Memphis shall not exceed such combination and the rates to stations not so affected are so corrected as to eliminate existing violations of the long-and-short-haul clause.

Third. That on or before April 1, 1915, on the routes from New York to Macon (Ocean Steamship Company of Savannah to Savannah, Ga.; Central of Georgia Railway from Savannah to Macon, Ga.; constructive mileage, 441), Milledgeville (Ocean Steamship Company of Savannah to Savannah, Ga.; Central of Georgia Railway from Savannah, Ga., to Milledgeville, Ga.; constructive mileage, 438), Hawkinsville (Ocean Steamship Company of Savannah to Savannah, Ga.; Central of Georgia Railway from Savannah, Ga., to Dublin, Wrightsville, and Tennille; Dublin to Hawkinsville; constructive mileage, 434), and Dublin (Ocean Steamship Company of Savannah to Savannah, Ga.; Central of Georgia Railway from Savannah, Ga., to Dublin; constructive mileage, 393), the rates to stations between Savannah on the one hand and Macon, Milledgeville, Hawkinsville, or Dublin, on the other hand are so corrected that they do not exceed the rates over two-line hauls for like distances shown in Table A.

Fourth. That on the route from New York to Columbus (Ocean Steamship Company of Savannah to Savannah; Central of Georgia Railway from Savannah to Columbus; constructive mileage, 541; Atlantic Coast Line Railroad from Savannah, Ga., to Albany, Ga.; constructive mileage, 458; Central of Georgia Railway from Savannah, Ga., to Eufaula, Ala.; constructive mileage, 585), the rates to stations from Everett, Ga., to Schatulga, Ga., are not increased.

Fifth. That on or before April 1, 1915, on the route to Montgomery (Ocean Steamship Company of Savannah to Savannah, Ga.; Seaboard Air Line Railway from Savannah to Montgomery, Ala.; constructive mileage, 588), the rates to stations east of Hurtsboro, Ala., are so corrected as not to exceed the present rates to Hurtsboro, viz., 130, 111, 98, 83, 69, and 65 cents der 100 pounds on Classes 1 to 6, respectively, and the rates to stations between Hurtsboro and Montgomery are so corrected as not to exceed the rates to Hurtsboro by more than 5 per cent.

Sixth. That on the route from New York to Selma (Ocean Steamship Company of Savannah to Savannah; Seaboard Air Line Railway from Savannah to Montgomery; Western Railway of Alabama from Montgomery o Selma; constructive mileage, 638), the rates to stations between Montgomery and Selma affected by combination on one of these points shall not exceed such combination and the rates to stations not so affected are not increased.

Seventh. That on or before April 1, 1915, on the route from New York City to Demopolis (Ocean Steamship Company of Savannah to Savannah; Seaboard Air Line Railway from Savannah to Montgomery; Western Railway of Alabama from Montgomery to Selma; Southern Railway from Selma to Demopolis; constructive mileage, 687), the rates to stations between Selma and Demopolis are so corrected that they do not exceed the rates to Demopolis by more than 20, 18, 15, 13, 11, and 10 cents per 100 pounds on Classes 1 to 6, respectively.

To Rome, Ga., Birmingham, Ala., Meridian and Jackson, Miss.

The continuance of water-and-rail rates on classes and commodities from New York City to Rome, Ga., Birmingham, Ala., and to Meridian and Jackson, Miss., and to points contiguous thereto to which rates are made by combination on these points, which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided—

First. That on or before April 1, 1915, on the route from New York to Rome (Old Dominion Steamship Company to Norfolk, Va.; Southern Railway through Atlanta to Rome; constructive mileage, 850), the rates to stations between Atlanta and Rome are so corrected that they do not exceed the rates over two-line hauls of like distances shown in Table A.

Second. That on or before April 1, 1915, on the route from New York to Meridian (Old Dominion Steamship Company to Norfolk, Va.; Southern Railway from Norfolk, Va., to Birmingham, Ala.; Alabama Great Southern Railroad from Birmingham to Meridian; constructive mileage, 882), the rates from New York to stations on the Alabama Great Southern Railroad between Birmingham and Meridian are so corrected as not to exceed the rates over two-line hauls of like distances shown in Table A.

Third. That on or before April 1, 1915, on the route from New York to Jackson (Old Dominion Steamship Company to Norfolk, Va.; Southern Railway from Norfolk, Va., to Birmingham; Alabama Great Southern Railroad from Birmingham to Meridian; Alabama & Vicksburg Railway from Meridian to Jackson; constructive mileage, 978), the rates to stations on the Alabama & Vicksburg Railway between Meridian and Jackson are so corrected that the rates to stations between Meridian and Newton do not exceed the present rates to Newton, and the rates to stations between Newton and Jackson do not exceed the rates to Jackson by more than 12, 11, 10, 9, 9, and 8 cents per 100 pounds on Classes 1 to 6, respectively.

Fourth. That on the route from New York to Birmingham (Clyde Line to Charleston; Southern Railway from Charleston to Augusta; Georgia Railroad from Augusta, Ga., to Atlanta; Southern Railway from Atlanta to Birmingham; constructive mileage, 729), the rates to stations between Atlanta and Birmingham that are affected by combination on Atlanta or Birmingham shall not exceed such combination and the rates to stations not so affected are not increased.

The Alabama, Tennessee & Northern Railroad Company; Apalachicola Northern Railroad Company and L. H. Dimmitt, receiver thereof; Atlanta & St. Andrews Bay Railway Company; Augusta Southern Railroad Company; Birmingham & Atlantic Railroad Company; Birmingham, Columbus & St. Andrews Railroad Company and A. D. Campbell, receiver thereof; Birmingham & Southeastern Railway Company; Chattahoochee Valley Railway Company; Chicago, Memphis & Gulf Railroad Company; Fernwood & Gulf Railroad Company; Fitzgerald, Ocilla & Broxton Railroad Company and E. T. Lamb, receiver thereof; Flint River & Northeastern Railroad Company; Florida Central Railroad Company and R. A. McCranie, receiver thereof; Gainesville Midland Railway; Georgia Coast & Piedmont Railroad Company; Georgia & Florida Railway; The Georgia, Florida & Alabama Railway Company; Georgia Northern Railway Company; Georgia Southwestern & Gulf Railroad Company; Greene County Railroad Company; Hawkinsville & Florida Southern Railway Company; Hawkinsville & Western Railroad Company; Kentwood & Eastern Railway Company; Liberty-White Railroad Company; Macon & Birmingham Railway Company and John B. Munson, receiver thereof; Macon, Dublin & Savannah Railroad Company; Marianna & Blountstown Railroad Company; Meridian & Memphis Railway; Natchez, Columbia & Mobile Railroad Company; Ocilla Southern Railroad Company; Pascagoula, Moss Point & Northern Railroad

Company; Register & Glennville Railway; Savannah & Northwestern Railway; Savannah & Statesboro Railway Company; South Georgia Railway Company; Sylvania & Girard Railroad Company; Tennessee, Alabama & Georgia Railroad Company; Valdosta, Moultrie & Western Railroad Company and B. P. Jones, C. I. Harrell, and A. L. Davis, receivers thereof; Wadley Southern Railway Company; and Wrightsville & Tennille Railroad Company are authorized to continue for two years via the lines named the same rates from New York City and related points and the Ohio and Mississippi River crossings to and via their junctions with other lines as are concurrently effective to the same points via the lines of their competitors, and to continue higher rates to intermediate local stations on the lines named above: *Provided*, That the present differences between the rates to local and junction points are not increased.

Denials

The petitions to continue violations to the following points were denied.

To Albany, Ga.

The continuance of lower rates on classes and commodities from New York City to Albany, Ga., than the rates concurrently applicable on like traffic to intermediate stations is denied.

To Atlanta, Athens, and Cordele, Ga.

The continuance of lower class and commodity rates from New York to Atlanta, Athens, and Cordele, Ga., via Norfolk and the south Atlantic ports and from New York to Meridian and Jackson, Miss., via New Orleans, La., and Mobile, Ala., than the rates concurrently applicable on like traffic to intermediate stations is denied.

The rates prescribed herein as maxima to be observed at intermediate points are as set forth in Table A.

And it is further ordered, That in all those instances covered by this order of the Commission where carriers have been authorized to maintain lower class and commodity rates to more distant than to intermediate points, items in tariffs containing commodity rates to more distant points, which rates are not made applicable to intermediate points, shall contain and refer by proper reference mark to a note reading as follows:

"The rate named in this item is not applicable to all intermediate points. This departure from the requirements of the fourth section is authorized by I. C. C.'s Fourth Section Order No. 3866. Upon reasonable application therefor a rate will be established to any intermediate point upon one day's notice to the Commission and to the public which will not exceed the rate to the next more distant point to which a rate is named by more than the class rate on the class to which this commodity belongs exceeds the rate on the same class to the more distant point."

Constructive Mileage

The term "constructive mileage" alluded to in the foregoing is employed in connection with water-and-rail routes and indi-

TABLE A[1]

Distances	Classes												
	1	2	3	4	5	6	A	B	C	D	E	H	F
300 miles:													
One line	96	84	69	63	51	45	38	38	31	25	46	55	52
Two or more lines	106	92	79	66	56	47	40	44	32	26	52	56	55
350 miles:													
One line	103	89	73	69	55	47	40	41	33	26	50	58	55
Two or more lines	110	95	84	69	58	48	41	44	34	27	52	59	57
400 miles:													
One line	110	95	77	69	58	49	41	43	34	27	51	59	57
Two or more lines	112	98	87	72	60	49	42	44	35	27	54	60	57
450 miles:													
One line	115	98	80	69	59	51	41	44	34	28	52	60	60
Two or more lines	116	100	89	74	62	51	42	44	35	28	55	62	60
500 miles:													
One line	116	99	83	70	60	51	41	45	34	29	53	62	60
Two or more lines	120	104	92	76	64	52	42	46	35	29	56	64	62
550 miles:													
One line	117	100	85	72	61	52	43	46	35	30	54	64	64
Two or more lines	128	112	99	83	69	56	43	48	37	31	59	68	64
600 miles:													
One line	118	102	86	74	63	53	44	47	36	30	56	64	64
Two or more lines	131	114	101	85	70	58	44	49	38	32	62	71	66
650 miles:													
One line	123	106	89	78	66	56	45	49	37	32	59	67	66
Two or more lines	137	118	106	90	74	60	47	51	40	33	66	74	68
700 miles:													
One line	128	110	94	82	70	59	47	51	38	33	63	69	70
Two or more lines	142	126	113	94	80	66	50	53	43	35	68	77	71
750 miles:													
One line	133	114	98	86	73	62	49	54	39	34	70	73	73
Two or more lines	147	130	118	98	84	69	53	56	45	36	74	80	73

[1]In applying this scale to ocean-and-rail rates from New York and Philadelphia, the following differentials may be added to the rates shown in the scale:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	7	6	5	5	4	3	2	3	3	3	4	5	6

cates a distance which is less than the actual. It is customary, in dividing joint rates between water carriers on the one hand and rail carriers on the other, to do so on an approximate mileage pro-rate, the water lines construing their mileage on the basis of two or more miles to each mile of land haul or reducing their actual mileage to a fixed figure greatly less than the actual distance between the ports they serve thus. The mileage from New York, N. Y., to Norfolk, Va., is assumed to be 160 miles; from New York to Charleston, Savannah, or Brunswick, 250 miles; consequently, the constructive mileage to any given point from New York is computed by adding these figures to the rail distance from the port in question to the final destination.

As has been previously intimated, the Interstate Commerce Commission has granted the carriers a continuance of the order referred to until April 1, 1915, by which time it is hoped that the adjustments will all have been effected. There is some doubt, however, in transportation circles as to whether a herculean task of this kind can be performed within this period, and in the

To Albany, Ga., and Chattanooga, Tenn.

The continuance of class and commodity rates from Cincinnati, Ohio, and Louisville, Ky., to Albany, Ga., and Chattanooga, Tenn., which are lower than the rates concurrently applicable on like traffic to intermediate points is denied, effective April 1, 1915.

To Atlanta, Athens, Cordele, and Rome, Ga.

The continuance of lower rates on classes and commodities from New Orleans, La., to Atlanta (Louisville & Nashville Railroad from New Orleans to Atlanta; Western Railway of Alabama from New Orleans to Montgomery; Atlanta & West Point Railway from Montgomery to Atlanta; 493 miles), Athens (Louisville & Nashville Railroad from New Orleans to Montgomery; Western Railway of Alabama and Atlanta & West Point Railway from Montgomery to Atlanta; Seaboard Air Line Railway from Atlanta to Athens; 566 miles), Cordele (Louisville & Nashville Railroad from New Orleans to Montgomery; Seaboard Air Line Railway from Montgomery to Cordele; 488 miles), and Rome (Louisville & Nashville Railroad from New Orleans to Birmingham; Southern Railway from Birmingham to Rome; 542 miles) is denied, effective April 1, 1915.

To Atlanta, Athens, Rome, and Cordele, Ga., Birmingham, Ala., and Meridian and Jackson, Miss.

The continuance of lower class and commodity rates from Cincinnati and Louisville to Atlanta, Athens, Rome and Cordele, Ga., Birmingham, Ala., and Meridian and Jackson, Miss., and from Cairo, Ill., St. Louis, Mo., and Chicago, Ill., to Meridian and Jackson than the rates concurrently applicable on like traffic to intermediate points is denied, effective April 1, 1915.

It will be noted in these orders of the Commission that the basing points only have been singled out. It follows, however, that these adjustments will be reflected in through rates from adjoining territories, such as from Southwestern Tariff Committee Territory, Western Trunk Line Territory, and Central Freight Association Territory, by reason of the fact that through rates are, as a rule, made by applying the rates of those associations up to the base points plus the rates from the base points to destinations. Consequently, if the maintenance of higher rates to points intermediate to Chattanooga is denied, it necessarily follows that the continuance of higher rates to intermediate points from points basing on Chattanooga is likewise automatically prohibited.

APPENDIX C

READJUSTMENT OF RATES TO SOUTHEASTERN TERRITORY FROM WESTERN POINTS OF ORIGIN

In this subdivision will be found the orders of the Interstate Commerce Commission affecting traffic originating at Cincinnati, Ohio, Louisville, Ky., and related points and destined to the following points:

Charleston, S. C.	Port Royal, S. C.	Savannah, Ga.	Brunswick, Ga.
Jacksonville, Fla.	Augusta, Ga.	Birmingham, Ala.	Montgomery, Ala.
Selma, Ala.	Macon, Ga.	Columbus, Ga.	Albany, Ga.
Atlanta, Ga.	Athens, Ga.	Cordele, Ga.	Rome, Ga.
Birmingham, Ala.	Meridian, Miss.	Jackson, Miss.	

CONTINUANCES

The following continuances were allowed.

To Charleston and Port Royal, S. C., Savannah and Brunswick, Ga., and Jacksonville, Fla.

The continuance of class and commodity rates from Louisville, Ky., and Cincinnati, Ohio, to Charleston and Port Royal, S. C., Savannah and Brunswick, Ga., and Jacksonville, Fla., and points contiguous thereto to which rates from Cincinnati and Louisville are made by combination on the above-named destination points which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided—

First. That on the route from Louisville to Charleston (Louisville & Nashville Railroad from Louisville to Nashville; Nashville, Chattanooga & St. Louis Railway from Nashville to Atlanta; Georgia Railroad from Atlanta to Augusta; Southern Railway from Augusta to Charleston; constructive mileage, 779), the rates to stations between Augusta and Charleston affected by combination on either of these points do not exceed such combination and the rates to other stations not so affected are not increased.

Second. That on the route from Cincinnati to Charleston (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Harriman Junction; Southern Railway from Harriman Junction through Morristown, Asheville, and Columbia to Charleston; constructive mileage, 732), the rates to stations between Columbia, S. C., and Charleston affected by combination on one of these points do not exceed such combination and the rates not so affected are not increased.

Third. That on the route from Louisville to Port Royal (Louisville & Nashville Railroad to Nashville, Tenn.; Nashville, Chattanooga & St. Louis Railway from Nashville to Atlanta; Georgia Railroad from Atlanta to Augusta; Charleston & Western Carolina Railway from Augusta to Port Royal; constructive mileage, 758), the rates to stations between Augusta and Port Royal affected by combination on one of these points do not exceed

such combination and the rates to stations not so affected are not increased.

Fourth. That on the route from Cincinnati to Port Royal (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Harriman Junction; Southern Railway to Spartansburg, S. C.; Charleston & Western Carolina Railway from Spartansburg through Augusta to Port Royal; constructive mileage, 753), the rates to stations between Augusta and Port Royal affected by combination on one of these points shall not exceed such combination and the rates to stations not so affected are not increased.

Fifth. That on or before April 1, 1915, on the route from Louisville to Savannah (Louisville & Nashville Railroad to Montgomery, Ala.; Seaboard Air Line Railway from Montgomery to Savannah; constructive mileage, 829), the rates to stations west of Helena are so corrected that they do not exceed the rates to Helena, and that the rates to stations east of Helena do not exceed the rates to Helena by more than 5 per cent and in no case exceed the combination on Savannah.

Sixth. That on the route from Cincinnati to Savannah (Cincinnati, New Orleans & Texas Pacific Railway to Harriman Junction; Southern Railway through Asheville and Columbia to Savannah; constructive mileage, 756), the rates to stations between Columbia, S. C., and Savannah affected by combination on one of these points shall not exceed such combination and that the rates to stations not so affected are not increased.

Seventh. That on or before April 1, 1915, on the route from Louisville to Brunswick (Louisville & Nashville Railroad to Montgomery, Ala.; Atlantic Coast Line Railroad from Montgomery to Brunswick; constructive mileage, 863), the rates to stations between Montgomery and Dupont, Ga., except Bainbridge, Ga., are so corrected as to avoid departures from the long-and-short-haul clause, and rates to stations east of Dupont are not higher than the combination on Brunswick.

Eighth. That on or before April 1, 1915, on the route from Cincinnati to Brunswick (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Chattanooga, Tenn.; Southern Railway from Chattanooga through Rome, Atlanta, and Macon to Brunswick; constructive mileage, 767), the rates to stations between Macon, Ga., and Helena, Ga., are so corrected that they do not exceed the present rates to Helena, and the rates to stations south of Helena do not exceed rates to Helena by more than 5 per cent and in no case exceed the combination on Brunswick.

Ninth. That on or before April 1, 1915, on the route from Louisville to Jacksonville (Louisville & Nashville Railroad to River Junction, Fla.; Seaboard Air Line Railway from River Junction, Fla., to Jacksonville, Fla.; constructive mileage, 960), the rates to stations between River Junction, Fla., and Welborn, Fla., are so corrected as to avoid violations of the long-and-short-haul clause and to be not higher than the rates over two-line hauls for like distances shown in Table A, and the rates to stations east of Welborn do not exceed the combination on Jacksonville.

Tenth. That on the route from Cincinnati to Jacksonville (Cincinnati, New Orleans & Texas Pacific Railway to Chattanooga; Southern Railway from Chattanooga to Jesup, Ga.; Atlantic Coast Line Railroad from Jesup to Jacksonville; constructive mileage, 843), the rates to stations between Jesup, Ga., and Jacksonville do not exceed the combination upon either Brunswick or Jacksonville.

The carriers operating routes from Cincinnati through territory on and west of the line formed by the Central of Georgia Railway, Birmingham, Ala., to Columbus, Ga., and the Chattahoochee River, Columbus to Apalachicola, Fla., to points east of the line above described, and carriers operating routes from Louisville and other lower Ohio River crossings through territory east of the said line to points west of such line are authorized to continue such departures from the requirements of the fourth section as may be necessary to

preserve the existing relationship between the rates from Cincinnati, Ohio, on the one hand and the lower Ohio River crossings on the other to the territories east and west of the line above described.

The carriers operating routes from Ohio River Crossings or points north thereof to Meridian, Miss., via Jackson, Miss., or to Jackson via Meridian, are authorized to establish and maintain the same rates to Jackson and Meridian as are concurrently effective at the same points via direct lines, and to continue rates to points between Meridian and Jackson the following differentials higher than to Jackson or Meridian:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials.....	3	3	3	2	2	2	2	2	2	2	2	2	4

The Yazoo & Mississippi Valley Railroad Company is authorized to continue the same rates from Memphis, Tenn., and points north and west thereof to Jackson, Miss., via their lines that are concurrently effective from and to the same points via the Illinois Central Railroad and to continue for two years from the effective date of this order higher rates to intermediate points: Provided, That on or before April 1, 1915, the rates to intermediate points are so corrected as to not exceed the rates for like distances shown in Table A.

To Charleston, S. C., Savannah and Brunswick, Ga., Tampa and Jacksonville, Fla.

The continuance of class and commodity rates from New Orleans, La., to Charleston, S. C., Savannah and Brunswick, Ga., Tampa and Jacksonville, Fla., and to stations contiguous thereto, to which rates from New Orleans are made by combination on the above-named points of destination which are lower than the rates concurrently applicable on like traffic to intermediate points: Provided—

First. That on the route to Charleston (Louisville & Nashville Railroad from New Orleans to Montgomery; West Point Route to Atlanta; Georgia Railroad to Augusta; and Southern Railway to Charleston; 793 miles), the rates to points between Augusta and Charleston not affected by combination on either Charleston or Augusta are not increased and the rates to points between Augusta and Charleston which are made by combination on these points do not exceed such combination.

Second. That on or before April 1, 1915, on the route to Savannah (Louisville & Nashville Railroad to Montgomery; Seaboard Air Line Railway from Montgomery to Savannah; 656 miles), the rates to stations west of Helena, Ga., are so corrected as not to exceed the present rates to Helena, and the rates to stations east of Helena are corrected to be not higher than 5 per cent in excess of the rates to Helena, and in no case exceed the combination on Savannah.

Third. That on or before April 1, 1915, on the route to Brunswick (Louisville & Nashville Railroad to River Junction, Fla.; Atlantic Coast Line Railroad from River Junction to Brunswick; 623 miles), the rates to stations west of Homerville, Ga., are so corrected that they do not contravene the provisions of the fourth section one as against another, and in no case exceed the rates over two-line hauls for like distances shown in Table A and east of Homerville in no case exceed the combination on Brunswick.

Fourth. That on or before April 1, 1915, on the route to Jacksonville (Louisville & Nashville Railroad to River Junction, Fla.; Seaboard Air Line Railway from River Junction to Jacksonville; 612 miles), the rates to stations west of Lee, Fla., are so corrected that they do not contravene the provisions of the fourth section one as against another, and in no case exceed the rates over two-line hauls for like distances shown in Table A. and rates to stations east of Lee do not exceed the combination on Jacksonville.

Fifth. That on the route to Tampa, Fla., (Louisville & Nashville Railroad to River Junction, Fla.; Seaboard Air Line Railway from River Junction through Baldwin to Tampa, Fla.; 788 miles), the rates to stations between Jacksonville and Tampa not affected by combination on either of these points are not increased, and the rates to stations between Jacksonville and Tampa which are made by combination on either Jacksonville or Tampa do not exceed such combination.

To Augusta, Ga.

The continuance of rates on classes and commodities from New Orleans, La., to Augusta, Ga., and to points contiguous thereto, to which rates from New Orleans are made by combination on Augusta which are lower than the rates concurrently applicable on like traffic to intermediate points: Provided—

That on the route from New Orleans to Augusta (Louisville & Nashville Railroad from New Orleans to Montgomery; Western Railway of Alabama and Atlanta & West Point Railroad from Montgomery to Atlanta; Georgia Railroad from Atlanta to Augusta; 664 miles), the rates to stations between Atlanta and Augusta affected by combination on one of these points do not exceed such combination and the rates to stations not so affected are not increased.

To Augusta, Macon, and Columbus, Ga., and Montgomery and Selma, Ala.

The continuance of class and commodity rates from Cincinnati, Ohio, and Louisville, Ky., to Augusta, Macon, and Columbus, Ga., and to Montgomery and Selma, Ala., and to points contiguous thereto, to which rates from Cincinnati and Louisville are made by combination on the above-named points of destination, which are lower than the rates concurrently applicable on like traffic to intermediate points: Provided—

First. That on the route from Cincinnati to Augusta (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Harriman Junction; Southern Railway to Spartanburg, S. C.; Charleston & Western Carolina Railway to Augusta; 642 miles), the rates to stations between Spartanburg, S. C., and Augusta not affected by combination on Augusta are not increased, and the rates to stations affected by combination on Augusta do not exceed the combination on Augusta.

Second. That on or before April 1, 1915, on the route from Louisville to Augusta (Louisville & Nashville Railroad to Nashville; Nashville, Chattanooga & St. Louis Railway to Atlanta; Georgia Railroad to Augusta; 650 miles), the rates to stations between Atlanta and Augusta are so corrected that they do not exceed the rates over two-line hauls of like distances shown in Table A.

Third. That on or before April 1, 1915, on the route from Cincinnati to Macon (Cincinnati, New Orleans & Texas Pacific Railway to Chattanooga; Southern Railway through Rome and Atlanta to Macon; 580 miles), the rates to stations between Atlanta and Macon are so corrected that they do not exceed the rates over two-line hauls for like distances shown in Table A.

Fourth. That on or before April 1, 1915, on the route from Louisville to Macon (Louisville & Nashville Railroad to Birmingham; Central of Georgia Railway from Birmingham to Macon; 647 miles), the rates to stations between Columbus and Macon are so aligned that they do not contravene the provisions of the fourth section and do not exceed the rates over two-line hauls of like distances shown in Table A.

Fifth. That on or before April 1, 1915, on the route from Cincinnati to Columbus (Cincinnati, New Orleans & Texas Pacific Railway to Chattanooga; Southern Railway through Rome, Atlanta, and McDonough to Columbus, Ga.; 618 miles), the rates to stations between McDonough and Columbus are so corrected that they do not exceed the rates over two-line hauls of like distances shown in Table A.

Sixth. That on or before April 1, 1915, on the route from Louisville to Columbus (Louisville & Nashville Railroad to Birmingham; Central of Georgia Railway from Birmingham to Columbus; 547 miles), the rates to stations between Birmingham and Columbus are so corrected that they do not exceed the rates over two-line hauls of like distances shown in Table A.

Seventh. That on or before April 1, 1915, on the route from Cincinnati to Montgomery (Cincinnati, New Orleans & Texas Pacific Railway to Chattanooga; Southern Railway to Atlanta; Atlanta & West Point Railway and Western Railway of Alabama to Montgomery; 667 miles), the rates to stations between Atlanta and West Point are so corrected that they do not exceed the rates over two-line hauls of like distances shown in Table A.

Eighth. That on the route from Louisville to Montgomery (Louisville & Nashville Railroad; 491 miles), the rates to stations between Calera and Montgomery, Ala., affected by combination on Montgomery shall not exceed such combination and the rates not so affected are not increased.

Ninth. That on or before April 1, 1915, on the route from Cincinnati to Selma (Cincinnati, New Orleans & Texas Pacific Railway to Chattanooga; Alabama Great Southern Railroad to Birmingham; Southern Railway to Selma; 590 miles), the rates to stations between Birmingham and Maplesville, Ala., are so corrected as not to exceed the present rates to Maplesville and the rates to stations between Maplesville and Selma are so corrected that they do not exceed the rates over two-line hauls of like distances shown in Table A.

Tenth. That on the route from Louisville to Selma (Louisville & Nashville Railroad to Montgomery; Western Railway of Alabama to Selma; 541 miles), the rates to stations between Montgomery and Selma unaffected by combinations on those points are not increased and the rates to stations so affected do not exceed such combination.

To Birmingham, Ala.

The continuance of lower class and commodity rates from New Orleans to Birmingham, Ala., (Louisville & Nashville Railroad; 415 miles) than the rates concurrently applicable on like traffic to intermediate points: Provided, That the rates from New Orleans to stations between Montgomery and Birmingham which are affected by combination on those points do not exceed such combination, and the rates to stations not so affected are not increased.

Denials

The petitions to continue violations to the following points were denied.

To Montgomery and Selma, Ala., and Macon, Columbus, and Albany, Ga.

The continuance of lower rates from New Orleans, La., to Montgomery and Selma, Ala., and to Macon, Columbus, and Albany, Ga., than to intermediate points is denied, effective April 1, 1915.

To Albany, Ga., and Chattanooga, Tenn.

The continuance of class and commodity rates from Cincinnati, Ohio, and Louisville, Ky., to Albany, Ga., and Chattanooga, Tenn., which are lower than the rates concurrently applicable on like traffic to intermediate points is denied, effective April 1, 1915.

To Atlanta, Athens, Cordele, and Rome, Ga.

The continuance of lower rates on classes and commodities from New Orleans, La., to Atlanta (Louisville & Nashville Railroad from New Orleans to Atlanta; Western Railway of Alabama from New Orleans to Montgomery; Atlanta & West Point Railway from Montgomery to Atlanta; 493 miles), Athens (Louisville & Nashville Railroad from New Orleans to Montgomery; Western Railway of Alabama and Atlanta & West Point Railway from Montgomery to Atlanta; Seaboard Air Line Railway from Atlanta to Athens; 566 miles), Cordele (Louisville & Nashville Railroad from New Orleans to Montgomery; Seaboard Air Line Railway from Montgomery to Cordele; 488 miles), and Rome (Louisville & Nashville Railroad from New Orleans to Birmingham; Southern Railway from Birmingham to Rome; 542 miles) is denied, effective April 1, 1915.

To Atlanta, Athens, Rome, and Cordele, Ga., Birmingham, Ala., and Meridian and Jackson, Miss.

The continuance of lower class and commodity rates from Cincinnati and Louisville to Atlanta, Athens, Rome and Cordele, Ga., Birmingham, Ala., and Meridian and Jackson, Miss., and from Cairo, Ill., St. Louis, Mo., and Chicago, Ill., to Meridian and Jackson than the rates concurrently applicable on like traffic to intermediate points is denied, effective April 1, 1915.

It will be noted in these orders of the Commission that the basing points only have been singled out. It follows, however, that these adjustments will be reflected in through rates from adjoining territories, such as from Southwestern Tariff Committee Territory, Western Trunk Line Territory, and Central Freight Association Territory, by reason of the fact that through rates are, as a rule, made by applying the rates of those associations up to the base points plus the rates from the base points to destinations. Consequently, if the maintenance of higher rates to points intermediate to Chattanooga is denied, it necessarily follows that the continuance of higher rates to intermediate points from points basing on Chattanooga is likewise automatically prohibited.

APPENDIX D

READJUSTMENT OF RATES TO MISSISSIPPI VALLEY POINTS AND GULF PORTS FROM EASTERN AND WESTERN POINTS OF ORIGIN

In this subdivision will be found the orders of the Interstate Commerce Commission affecting rates from western points of origin to points in Mississippi Valley Territory and related points, viz.:

New Orleans, La.	Mobile, Ala.	Pensacola, Fla.	Tampa, Fla.
Gulfport, Miss.	Memphis, Tenn.	Greenville, Miss.	Vicksburg, Miss.
Natchez, Miss.	Meridian, Miss.	Jackson, Miss.	

CONTINUANCES

The following continuances were allowed.

To New Orleans, La., Mobile, Ala., Pensacola, Fla., Gulfport, Miss., and Tampa, Fla.

The carriers are authorized to continue class and commodity rates from Cincinnati, Ohio, Louisville, Ky., Cairo, Ill., St. Louis, Mo., and Chicago, Ill., to New Orleans, La., Mobile, Ala., Pensacola, Fla., Gulfport, Miss., and Tampa, Fla., and points contiguous thereto, to which rates from originating points named are made by combination on the above-named destinations which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided—

First. That on the routes from Cairo to New Orleans (Illinois Central Railroad to New Orleans; 556 miles), Mobile (Mobile & Ohio Railroad to Mobile; 502 miles), and Pensacola (Mobile & Ohio Railroad to Mobile; Louisville & Nashville Railroad to Pensacola; 606 miles), the rates to stations between Jackson and New Orleans, between Meridian and Mobile, and between Mobile and Pensacola affected by combination on one of the above-named points do not exceed such combination and the rates to stations not so affected are not increased.

Second. That on the routes from Louisville to New Orleans (Louisville & Nashville Railroad to New Orleans; 809 miles), Mobile (Louisville & Nashville Railroad to Mobile; 670 miles), Pensacola (Louisville & Nashville Railroad to Pensacola; 654 miles), and Tampa (Louisville & Nashville Railroad to River Junction, Fla.; Seaboard Air Line Railway from River Junction to Tampa, Fla.; 1,198 miles), the rates to stations between Montgomery and Pensacola, between Montgomery and Mobile, between Mobile and New Orleans, and between Jacksonville and Tampa affected by combination on one of the above-named points of destination do not exceed such combination, and the rates to stations not so affected are not increased.

Third. That on the route from St. Louis to New Orleans (Illinois Central Railroad to New Orleans; 707 miles) and Pensacola (Louisville & Nashville

Railroad to Pensacola; 761 miles), the rates to stations between Jackson and New Orleans and between Mobile and Pensacola affected by combination on one of the above-named points of destination do not exceed such combination and the rates to stations not so affected are not increased.

Fourth. That on or before April 1, 1915, on the route from St. Louis to Mobile (Mobile & Ohio Railroad; 657 miles), the rates to stations between Meridian and Mobile are so corrected that they do not exceed the rates for one-line hauls of like distances shown in Table A.

Fifth. That on the routes from Cincinnati to Mobile (Louisville & Nashville Railroad to Mobile; 784 miles), New Orleans (Louisville & Nashville Railroad to New Orleans; 923 miles), Pensacola (Louisville & Nashville Railroad to Pensacola; 768 miles), and Tampa (Cincinnati, New Orleans & Texas Pacific Railway from Cincinnati to Chattanooga; Southern Railway to Jacksonville; Seaboard Air Line Railway to Tampa; 1,065 miles), the rates to stations between Montgomery and Pensacola, between Montgomery and Mobile, between Mobile and New Orleans, and between Jacksonville and Tampa affected by combination on one of the above-named points do not exceed such combination, and the rates to stations not so affected are not increased.

Sixth. That on the routes from Chicago to New Orleans (Illinois Central Railroad to New Orleans; 920 miles), Mobile (Illinois Central Railroad to Cairo; Mobile & Ohio Railroad to Mobile; 866 miles), and Pensacola (Chicago & Eastern Illinois Railroad from Chicago to Evansville; Louisville & Nashville Railroad to Pensacola; 912 miles), the rates to stations between Jackson and New Orleans, between Meridian and Mobile, and between Montgomery and Pensacola affected by combination on one of the above-named points of destination do not exceed such combination and the rates to stations not so affected do not exceed the rates for like distances shown in Table A.

To Memphis, Tenn., Greenville, Vicksburg, and Natchez, Miss.

The carriers are authorized to continue class and commodity rates from Cairo, Ill., Louisville, Ky., Cincinnati, Ohio, St. Louis, Mo., and Chicago, Ill., to Memphis, Tenn., Greenville, Vicksburg, and Natchez, Miss., and points contiguous thereto to which rates from the above-named points of origin are made by combination on the destinations named which are lower than the rates concurrently applicable on like traffic to intermediate stations: Provided—

First. That on the routes from Cairo (Illinois Central Railroad; 170 miles), Cincinnati (Louisville & Nashville Railroad; 494 miles), Louisville (Illinois Central Railroad; 391 miles), St. Louis (Illinois Central Railroad; 322 miles), and Chicago (Illinois Central Railroad; 544 miles) to Memphis, the rates to points affected by combination on Memphis do not exceed such combination and the rates to intermediate points not so affected do not exceed the rates for like distances shown in Table A.

Second. That on the routes from Cincinnati to Vicksburg, Greenville, and Natchez, the rates to stations affected by combination on one of the above-named points of destination do not exceed such combination and the rates to intermediate points not so affected do not exceed the rates for like distances shown in Table A.

Third. That on the routes from Cairo, Louisville, St. Louis, and Chicago to Greenville, Vicksburg, and Natchez, the rates to stations affected by combination on the above-named points of destination do not exceed such combination, and on or before April 1, 1915, the rates to intermediate stations not so affected are so corrected as not to exceed the rates over one-line hauls for like distances shown in Table A.

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Louisville & Nashville Railroad

PART I

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CAROLINA TERRITORY

LASALLE EXTENSION UNIVERSITY

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SOUTHERN TERRITORY

ADDISON R. SMITH
Third Vice-President
Louisville & Nashville Railroad

PART 3

SOUTHEASTERN TERRITORY
CAROLINA TERRITORY

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CONTENTS

Southeastern Territory

Page

1. Development of Rate Structure 141
2. Differential Adjustments.
   (a) Via South Atlantic Ports 145
   (b) Via Gulf Ports 145
3. Adjustment from New York City via Water and Rail
   (a) Commodity Rates 153
4. Adjustment to Points Related to Atlanta, Ga 154
5. Adjustment at Local Points 155
6. Current Rates Illustrative of Present Adjustment
   (a) To Memphis, Tenn., and Intermediate Points 158
   (b) To Jacksonville, Fla., and Intermediate Points 160
   (c) To Gentilly, La., and Intermediate Points 162
7. Fourth Section Orders 165
1. Adjustment from Eastern Points Other than New York
   (a) From Boston, Mass., and Providence, R. I 166
   (b) From Interior New England Points 168
   (c) From Philadelphia, Pa. 170
   (d) From Baltimore, Md. 171
   (e) From Suburban Points 171
   (f) From Interior Eastern Territory 172
   (g) From Buffalo-Pittsburgh Territory 175
   (h) From Potomac Gateways 176
   (i) From Virginia Cities and Points Related Thereto 177
   (j) From Carolina Territory 179
2. Application of the Bases 179
3. All-Rail Rates from the Eastern Port Cities 181
4. Commodity Rates 181
5. Differential Rates via Gulf Routes 184
6. Fourth Section Orders 184

Southeastern Territory *(Continued)*

Page

1. Western Rate Adjustments
   - (a) Ohio River Adjustment 185
   - (b) Rates from Louisville, Ky., and Other Base Points 195
   - (c) Bases for Rates from Points Related to Louisville 201
   - (d) Adjustment from Mississippi Valley Points 204
   - (e) Adjustment from Kentucky-Tennessee Territory 206
   - (f) Adjustment from Central Freight Association and Western Territories 206
2. Outbound Adjustment from Southeastern Territory 208
3. Fourth Section Orders

Carolina Territory

1. Basic Principles 212
2. Adjustment from Eastern Port Cities 213
3. From Interior Eastern Points East of Buffalo-Pittsburgh Territory 213
4. From Buffalo-Pittsburgh Territory 213
5. From Ohio River Crossings
   - (a) From Cincinnati, Ohio 215
   - (b) From Covington, Newport, Louisville, and Lexington, Ky., and Jeffersonville, Ind. 216
   - (c) From Memphis, Tenn. 218
6. From Gulf Ports 218
7. From Mississippi Valley Territory 219
8. From Kentucky-Tennessee Territory
   - (a) From Nashville, Tenn. 219
   - (b) From Clarksville, Tenn. 220
   - (c) From Knoxville, Tenn. 221
9. From Southeastern Territory
   - (a) From Huntsville, Decatur, Sheffield, Florence, Tuscumbia, and Riverton, Ala. 221
   - (b) From Chattanooga, Tenn. 222
   - (c) From Atlanta, Athens, and Augusta, Ga., and Charleston, S. C. 222

Test Questions 223

CHAPTER X

SOUTHEASTERN TERRITORY[1]

1. Development of Rate Structure

The so-called Southeastern Territory embraces by far the greatest area of any rate-making territory in the southern states. In the early days, when the rate structure of this territory was being forged into a settled shape, Atlanta, Ga., marked the outpost at which the separate railroads and joint routes from the East met those from the West. In this way, Atlanta became the pivotal point of rate construction for rates from points outside of this territory to destinations therein.

In other words, Atlanta was on the edge of that zone where a single railroad and its partners were in full control of the traffic situation. The early development, of course, brought about a more or less settled condition with respect to the relationship in rates between cities in a given section and other cities in that section.

This adjustment, which was effected long ago, was brought about because of the competition of the various markets for the trade of Atlanta and the competition of the carriers for the traffic. As a result, the rates

[1]See Map 5, Atlas of Traffic Maps.

from Louisville, Ky., are made the same as the water-and-rail rates from Baltimore, Md., on the first six classes. The lettered classes have not been equalized, for the reason that the competition between the eastern and the western markets for the trade at Atlanta is in articles which move under the numbered classes. Few of the commodities moving under the lettered classes are produced in large quantities in the East.

The equalization of rates is still further accounted for by the fact that by water and rail the distances from Baltimore to Atlanta and from Louisville to Atlanta were the same at that time. The prorating mileage from Louisville to Chattanooga was 336 miles, and from Chattanooga to Atlanta 138 miles, making a total of 474 miles from Louisville to Atlanta. The ocean carriers plying between Baltimore and Savannah had a constructive or prorating mileage between those points of 179 miles; adding to this the short-line distance of 295 miles from Savannah to Atlanta made a distance of 474 miles, which was exactly the same as that from Louisville. The constructive water mileage from Baltimore to Savannah is now 250 miles.

Originally the measure of the rates from the East to Atlanta, the difference in the transportation conditions considered, was approximately the equivalent of the water rates to Savannah, Brunswick, or Charleston, and the rail rates inland. In other words, the rail lines met the competition of the water routes operating through any of the South Atlantic Ports. The demands of Atlanta, however, in the way of competition with other cities in its section, combined with the struggle between the eastern and the western routes, have reduced the rates below that measure. Early in 1905, there were still further reductions brought about by the commercial and political interests of Atlanta.

These reductions are also reflected in the present rates to various other cities throughout the territory.

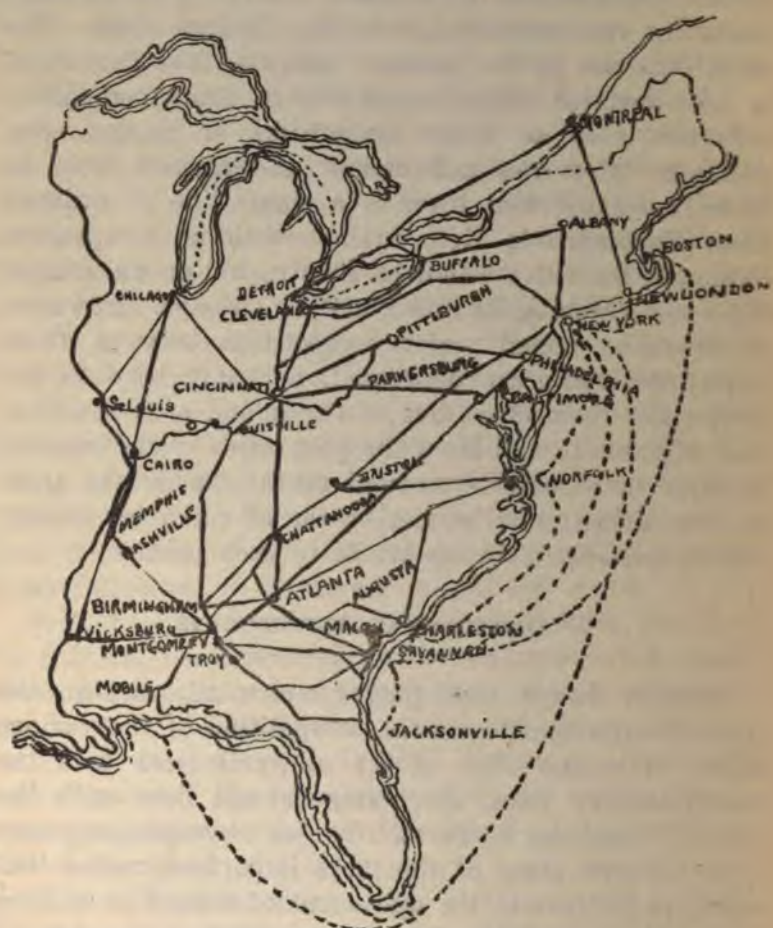
As seen in the intrastate rates prescribed by the several commissions in Southern Territory, the primary basis for rate construction is the distance scale. The rates increase as the distance increases and that basis is not deviated from except where some compelling influence, such as water competition or market competition, intervenes and causes a departure from it. Thus, assuming that there is a single line of railroad from Baltimore to New Orleans with no competitive influence, the rates would be constructed on an ascending scale, reaching its zenith at New Orleans. However, as there is actual water competition between these ports, the rates are depressed, not only between the port cities themselves, but as far inland as a combination of rates to and from the port cities works into the interior to defeat the normal all-rail basis; the rates so established must be met by the all-rail lines if they are to participate in the traffic to such points.

2. Differential Adjustments

Another factor that played no small part in the present adjustment was the competition of the various kinds of routes—that of the all-water lines with the water-and-rail lines, the water-and-rail lines with the all-rail lines, and so forth. On the accompanying map are indicated some of the more important routes that could participate in the movement of freight from New York, N. Y., to Troy, Ala., from which it is apparent that all of the eastern lines are in competition for traffic to this territory.

Prior to the establishment of agreements between the rail carriers and the water lines, some very dis-

astrous rate wars were engaged in, which resulted in good to no one. These wars were disposed of to a great extent, however, when the differential routes, all water



and rail-and-water, from the East were conceded differentials under the all-rail rates by the all-rail lines to points in competitive territory. These differential routes are occasionally termed the rate-making routes.

(*a*) *Via South Atlantic Ports*

The rates to points in Southeastern Territory, via the rail-and-water routes, are usually the following differentials less than the all-rail rates:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials..	12	10	9	8	6	5	5	5	5	5	6	8	10

(*b*) *Via Gulf Ports*

In so far as coastwise traffic via Gulf ports to Southeastern Territory is concerned, the Mallory Steamship Company, operating between New York and Mobile, Ala., is the controlling factor. Within a considerable radius of Mobile and Pensacola, Fla., combinations of local rates, using the water-line rates to the ports and the rail-line rates therefrom, are considerably less in some instances than those in effect via the water routes operating through the South Atlantic Ports. On other traffic, the Mallory Steamship Company has been conceded differentials under the rail-and-water rates of the lines operating through the South Atlantic Ports. The present adjustment is as follows:

To all destinations on and east of a line drawn from Chattanooga, Tenn., through Birmingham, Calera, Selma, and Montgomery, Ala., to Pensacola, Fla., the following differentials less than the standard rail-and-water rates apply:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials....	5	4	3	2	2	2	2	2	2	2	2	2	4

It should be understood in this connection, however, that combinations can also be effected through Atlantic ports by applying the water-line rate to the port and the rail-line rate therefrom, resulting in figures which the all-rail lines do not attempt to meet.

3. Adjustment from New York City via Water and Rail

The testimony introduced in the original long-and-short-haul investigation by the Interstate Commerce Commission in 1887 tended to show that the first-class rate from New York to Atlanta, which at that time was $1.14 per 100 pounds, was constructed by adding the steamship's proportional rate, which under its tariff at that time was 45 cents from New York to Savannah, to the rate authorized by the Georgia Railroad Commission from Savannah to Atlanta, which was 69 cents, producing a through rate of $1.14 from New York to Atlanta. The 45-cent steamship rate plus the Georgia Commission rate of 64 cents made a through rate of $1.09 from New York to Macon. The steamship rate of 45 cents plus the local rate of 51 cents made a through rate of 96 cents from New York to Augusta. These rates were made at that time on the exact combination,[2] this adjustment having been in effect since April 10, 1884. The water-and-rail rates from Baltimore, Md., and the all-rail rates from Louisville, Ky., and Cincinnati, Ohio, were made on the same basis in so far as the numbered classes were concerned. The following scale was effective for more than twenty years:

Classes	1	2	3	4	5	6
Rates	107	92	81	68	56	46

The following rates became effective on February 1, 1905:

Classes	1	2	3	4	5	6
New York rates	105	93	83	68	56	44
Baltimore rates	98	87	78	63	52	41
Louisville rates	98	87	78	63	52	41
Cincinnati rates	98	87	78	63	52	41
New Orleans rates	94	83	74	59	48	37

[2] 1 I. C. C. Rep., 78.

The reduction in rates to Atlanta thus established was brought about not by any increase in the competition of rail or rail-and-water rates but was the result of a compromise between the carriers on the one hand and the Railroad Commission of the state of Georgia, the Atlanta Freight Bureau, and the municipal authorities of the city of Atlanta on the other. In the opinion of the Interstate Commerce Commission in the case of the Morgan Grain Company v. A. C. L. Ry. Co.,[3] the circumstances surrounding the adjustment of rates to Atlanta in 1905 are described in detail and the conclusion of the Commission is expressed as follows:

> The evidence is clear that the charges in each of the complaints that the Atlanta reductions of February 1, 1905, were voluntarily accorded by the railroad companies and that the latter agreed that the reduced rates were just, reasonable, and compensatory have not been sustained, and that the reductions were the result of an adjustment or compromise made by the carriers in view of conditions prior to February 1, 1905, and not of their free choice.

The present rates to Atlanta, therefore, cannot be looked upon as voluntary rates nor can they be looked upon as rates resulting from competition. The reductions that took place in 1905 from West and East were 9, 5, 3, 5, 4, and 5 cents per 100 pounds on Classes 1 to 6, respectively. These reductions in rates to Atlanta, already relatively low, resulted in proportionate reductions in the rates to Columbus, Macon, Augusta, Rome, Athens, Dalton, Cedartown, Cartersville, Cordele, Americus, Albany, and many other places. This necessarily brought about considerable shrinkage in the revenue of these carriers on interstate business hauled to these points.

[3] 19 I. C. C. Rep., 460.

The rates originally established from New York to Atlanta via the South Atlantic Ports were naturally equalized by the rail-and-water lines operating through the Virginia Ports and were, soon after their establishment, applied as maxima to intermediate points. The provisions of the fourth section were observed by these lines. Such, however, was not the case with the lines operating through the ports of Charleston and Savannah, although the lines so operating are the most direct of any which serve Atlanta from New York.

Subsequently, upon the adoption of the reduced basis of rates to Atlanta, the lines serving the Virginia Ports via their routes maintained rates to intermediate points which were upon a higher scale than that to Atlanta. The privilege to continue this adjustment, however, has been denied, as will be indicated in the synopsis of the Commission's order, in so far as rates involved in the adjustment prescribed in this chapter are concerned.

The basis for the rates to Atlanta being thus arrived at, rates to other destinations in Southeastern Territory are made in many cases with relation to these rates, as is indicated in the bases for rate construction set forth in Table 31.

TABLE 31

BASES FOR RATE CONSTRUCTION FROM NEW YORK, N. Y., TO SOUTHERN COMMON POINTS

FROM NEW YORK, N.Y., TO	RATE BASIS APPLICABLE
Anniston, Ala.....	Same as original or standard rates to Atlanta, Ga.
Augusta, Ga.....	Agreed rates made on Savannah combination, using the water rate to Savannah and the rail rate beyond
Birmingham, Ala...	Same as the original or standard rates to Atlanta, Ga.
Chattanooga, Tenn.	All-rail and rail-and-water rates are the same as those to Atlanta, Ga., via rail and water

TABLE 31—Continued

BASES FOR RATE CONSTRUCTION FROM NEW YORK, N. Y., TO SOUTHERN COMMON POINTS

FROM NEW YORK, N.Y., TO	RATE BASIS APPLICABLE
Cordova, Ala..... Jasper, Ala.....	The following differentials higher than the rail-and-water rates to Birmingham, Ala.: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials... 24 20 18 16 14 12 12 12 7 6 14 16 14 with maximum Ohio River combination or Columbus, Miss., rates
Demopolis, Ala.....	The following differentials higher than the rates to Selma, Ala.: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials... 10 8 6 5 4 4 4 4 4 4 4 4 8 with lowest combination as maximum
Dothan, Ala..... Ozark, Ala..... Troy, Ala.....	The following differentials higher than the rates to Montgomery, Ala.: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials... 12 10 8 8 8 6 6 5 5 5 6 8 10
Gadsden, Ala.....	Same as original or standard rates to Rome, Ga.
Huntsville, Ala.....	2 cents per 100 pounds higher than the original or standard rates to Chattanooga, Tenn.
Macon, Ga.....	The following differentials less than the rates to Atlanta, Ga.: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials... 3 2 2 2 1 1 2 1 5 5 6 2 10
Montgomery, Ala. Selma, Ala..... Opelika, Ala.....	The following differentials over the rates to Atlanta, Ga.: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials... 3 2 1 1 1 1 0 0 0 0 0 0 0
Tuscaloosa, Ala....	The same rates as to Columbus, Miss., subject to the lowest combination as a maximum
Valdosta, Ga..... Waycross, Ga....	The same rates as to Albany, Ga., but not in excess of the actual combination through South Atlantic Ports

Slight variations in some of the classes may be noted. This may be attributed to the fact that in some cases the Interstate Commerce Commission has ordered readjustments in interstate rates and the bases have not been revised in accordance therewith. This is due to the fact that the carriers have held the readjustments in abeyance until the effect of the compliance with the Interstate Commerce Commission's order as to the petition of these carriers to violate the fourth section of the Act to Regulate Commerce can be determined. In such cases, however, a modification of the differentials to accord with the existing rates is all that will be necessary.

Although the rates to quite a number of other base and common points of the South are constructed in the same way as to the points indicated in Table 31, it has seemed desirable to arrange these alphabetically in a separate table rather than to include them in Table 31. Accordingly, in Table 32 will be found a list of such points; also the base rate that is to be applied in each case. Assuming, for example, that it is desired to construct the rates to New Decatur, Ala., Table 32 indicates that the Huntsville basis is to be applied; referring to Table 31, we find that the rates to Huntsville are to be constructed 2 cents per 100 pounds

TABLE 32

OTHER COMMON POINTS TAKING THE SAME BASES OF RATES AS THOSE TO POINTS SHOWN IN TABLE 31

FROM NEW YORK, N. Y., TO		APPLY SAME RATES AS SHOWN IN TABLE 31 TO	
Alabama City	Ala.	Gadsden	Ala.
Albany	Ga.	Americus	Ga.
Americus	"	Columbus	"
Asylum	"	Macon	"
Athens	"	Atlanta	"
Attalla	Ala.	Birmingham	Ala.
Avondale	"	"	"
Bessemer	"	"	"
Boyce	Tenn.	Chattanooga[1]	Tenn
Boyles	Ala.	Birmingham	Ala.
Cartersville	Ga.	Rome	Ga.
Cedartown	"	"	"
Chattahoochee	"	Atlanta	"
Citico	Tenn.	Chattanooga[1]	Tenn.
Cordele	Ga.	Americus	Ga.
Dalton	"	Atlanta	"
Dawson	"	Eufaula	Ala.
Decatur	Ala.	Huntsville	"
Dublin	Ga.	Hawkinsville	Ga.
East Birmingham	Ala.	Birmingham	Ala.
East Point	Ga.	Atlanta	Ga.
Elberton	"	"	"
Ensley	Ala.	Birmingham	Ala.
Eufaula	"	Columbus	Ga.
Fitzgerald	Ga.	Albany	"
Florence	Ala.	Huntsville	Ala.

TABLE 32—Continued

OTHER COMMON POINTS TAKING THE SAME BASES OF RATES AS THOSE TO POINTS SHOWN IN TABLE 31

FROM NEW YORK, N. Y., TO		APPLY SAME RATES AS SHOWN IN TABLE 31 TO	
Ft. McPherson	Ga.	Atlanta	Ga.
Gainesville	"	"	"
Gate City	Ala.	Birmingham	Ala.
Grasselli	"	"	"
Hapeville	Ga.	Atlanta	Ga.
Harriman	Tenn.	Chattanooga[1]	Tenn.
Harriman Jct	"	"	"
Hawkinsville	Ga.	Macon	Ga.
Irondale	Ala.	Birmingham	Ala.
Jasper	"	Cordova	Ga.
LaGrange	Ga.	Atlanta	"
Lindale	"	Rome	"
Milledgeville	"	Macon	"
New Decatur	Ala.	Huntsville	Ala.
North Birmingham	"	Birmingham	"
Oxmoor	"	"	"
Ozark	"	Dothan	"
Pratt City	"	Birmingham	"
Quitman	Ga.	Albany	Ga.
Rome	"	Atlanta	"
Ruffner	Ala.	Birmingham	Ala.
Sheffield	"	Huntsville	"
State Farm	Ga.	Macon	Ga.
Thomas	Ala.	Birmingham	Ala.
Thomasville	Ga.	Albany	Ga.
Tifton	"	"	"
Tuscumbia	Ala.	Huntsville	Ala.
Vienna	"	Cordele	"
Washington	"	Elberton	"
West Point	"	Opelika	Ala.
Wheeling	"	Birmingham	"
Woodlawn	"	"	"
Woodward	"	"	"

[1]Ohio River combination not to be exceeded.

higher than the original standard rates to Chattanooga, Tenn., which are shown in Table 33. Adding this differential to the various classes gives the following as the rates currently applicable to New Decatur, Ala.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	116	100	88	75	62	51	38	50	42	41	60	70	82

In Table 33 are given the rates currently in effect from New York to the more important base points

throughout the South applicable in connection with the rail-and-water routes. In connection with this feature of the treatise, however, attention is directed to the unsettled condition of rates in this territory; in case of the actual use of these rates, they should be confirmed by inquiry through interested lines.

TABLE 33

GENERAL ADJUSTMENT OF RAIL-AND-WATER RATES FROM NEW YORK, N. Y., TO SOUTHERN COMMON POINTS

From New York, N. Y., To	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Albany, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Americus, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Anniston, Ala.	114	98	86	73	60	49	36	48	40	39	58	68	78
Atlanta, Ga.[3]	114	98	86	73	60	49	36	48	40	39	58	68	78
" "	105	93	83	68	56	44	36	48	40	39	58	60	78
Augusta, Ga.	96	81	70	58	47	37	28	42	32	31	43	54	61
Birmingham, Ala.	114	98	86	73	60	49	36	48	40	39	58	68	78
Chattanooga, Tenn.	105	93	83	68	56	44	36	48	40	39	58	60	78
Columbus, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Columbus, Miss.	138	120	102	83	70	58	52	58	47	47	61	74	94
Cordele, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Cordova, Ala.	138	118	102	78	66	52	48	53	45	41	61	70	82
Demopolis, Ala.	118	103	90	74	61	49	40	52	44	40	62	67	80
Dothan, Ala.	120	105	92	77	65	51	42	53	45	44	64	76	88
Elberton, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Eufaula, Ala.	105	93	83	68	56	44	36	48	40	39	58	60	78
Gadsden, Ala.	114	98	86	73	60	49	36	48	40	39	58	68	78
Hawkinsville, Ga.	102	91	81	66	55	43	34	47	35	34	52	58	68
Huntsville, Ala.	116	100	88	75	62	51	38	50	42	41	60	70	82
Macon, Ga.	102	91	81	66	55	43	34	47	35	34	52	58	68
Montgomery, Ala.	108	95	84	69	57	45	36	48	40	39	58	68	78
Opelika, Ala.	108	95	84	69	57	45	36	48	40	39	58	68	78
Rome, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Selma, Ala.	108	95	84	69	57	45	36	48	40	39	58	68	78
Tuscaloosa, Ala.	138	120	102	83	70	58	51	56	47	42	61	65	88

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]These rates are known as the original or standard rates and are not applicable on traffic to Atlanta. They are reproduced only as a matter of information.

(a) *Commodity Rates*

In Table 34 is shown a representative line of commodity rates applicable from New York, N. Y., to Atlanta, Ga., via rail-and-water routes. Rates from other points of origin or to other points of destination are usually arrived at by adding the corresponding class differential to the base rate or deducting the differential from the base rate. Thus, assume that it is desired to construct the rate on cement to Montgomery, Ala., cement (in carloads) being classified at sixth class in the Southern Classification. Reference to Table 31 indicates that the sixth-class rate to Montgomery, Ala., is 1 cent per 100 pounds higher than the rate to Atlanta. Therefore, the rate on cement would be made by adding 1 cent to the Atlanta rate, producing 18 cents as the rate applicable to Montgomery, Ala.

TABLE 34

COMMODITY RATES FROM NEW YORK, N. Y., TO ATLANTA, GA.

COMMODITIES	RATES IN CENTS PER 100 POUNDS EXCEPT AS NOTED
Agricultural implements, C. L., min. wt. 20,000 lbs., viz.:	
Corn planters, cotton choppers, cotton planters, cultivators, field rollers, grain drills, guano distributors, harrows, plows, potato diggers, potato planters, seed sowers (not hand), stalk cutters (field), transplanters, and parts thereof when shipped in carloads with implements named	38
Asphalt (asphaltum), natural or by product, solid, C. L., min. wt. 40,000 lbs., and liquid other than paint, stain, or varnish, in barrels or iron drums, min. wt. 40,000 lbs....	27
Cement, portland or natural, in barrels or sacks, C. L., min. wt. 40,000 lbs.....	17
Food preparation, viz.:	
Oatmeal, rolled oats, rolled, cracked, crushed, or flaked wheat, flaked rye, flaked, rolled, and pearl barley, hominy grits, and flaked hominy, packed or in barrels, kegs, drums, half barrels, or in cotton or gunny sacks:	
C. L.....	33
L. C. L.....	40

TABLE 34—Continued

COMMODITY RATES FROM NEW YORK, N. Y., TO ATLANTA, GA.

COMMODITIES	RATES IN CENTS PER 100 POUNDS EXCEPT AS NOTED
Iron and steel articles:	
Rails, C. L., min. wt. 20 gross ton, per gross ton	744
Railroad track material, viz.:	
Chairs, cross ties, clamps, or fastenings; frog fillings, frogs nut locks and spikes, splice bars, switch chains, switches, switch stands, tie plates, track bolts, track braces, track nuts, washers, C. L., per gross ton	744
Leather sole, in boxes, rolls, or burlapped bales, L. C. L.	68
Pipe sewer, min. wt. 30,000 lbs	22
Plaster, wall, building, moulding, fancy, and decorating, all kinds, (including plaster of paris) and ground gypsum rock, C. L., min. wt. 60,000 lbs., but not in excess of marked capacity of car	27
Soap and washing powders, any quantity	30
Soap, in boxes or barrels, agreed to be of value of not exceeding 5 cents per pound and so expressed in bills of lading,	
C. L., min. wt. 30,000 lbs	30
L. C. L.	30
Starch, C. L., min. wt. 30,000 lbs	36
Tar and pitch, C. L., min. wt. 40,000 lbs	28
Wool, C. L.	63

4. ADJUSTMENT TO POINTS RELATED TO ATLANTA, GA.

The important cities within the sub-territory[4] of the western lines are Huntsville, Florence, Decatur, Birmingham, Montgomery, and Selma. These cities have adjustments from the West which do not directly hinge upon the corresponding rates to Atlanta, although the rates themselves often reflect the conditions found at the latter city.

From the East, however, there has always been a definite relationship between the cities just spoken of

[4]Montgomery Sub-Territory. See Map 5, Atlas of Traffic Maps.

and Atlanta. Thus, for example, should there be a reduction in the first-class rate from an Ohio River Crossing or a Mississippi River Crossing, or from one of the Eastern Cities or Virginia Cities to Atlanta or to any other important jobbing center of the southeast, like reductions would occur at practically all of these terminal cities, which would be followed, as will be explained, by reductions at nearly all other destinations, local or junction.

5. Adjustment at Local Points

In connection with the development of the southern rate structure, while the interested carriers have generally met the competitive influences as they existed at common points, it has been the policy to hold intermediate points or local points on a somewhat higher basis than that which applies to the common points, the rate from the base point being employed even if the distance from the base point to the final destination be greater than from the local point. This resulted in the celebrated long-and-short-haul clause, in regard to which the Interstate Commerce Commission has but recently announced its decision.[5] In general, this decision has sustained the policy of the carriers, although prohibiting the continuance of rates to intermediate points which are on a higher basis than the rates to the common points plus the local rates back to destination. Concerning this feature, the Interstate Commerce Commission, in another case, stated as follows:

> Whatever may be said in justification of the basing-point system, we do not think that the basing-point system itself

[5] 30 I. C. C. Rep., 153, 336.

necessarily requires that joint through rates over long distances to local or noncompetitive points should now be made by adding to the basing-point rates either the full locals or high differentials. Stated in other words, for fear of misapprehension, we do not wish to be understood as passing upon the reasonableness of the local rates from the various basing points to points of ultimate destination when applied to local service; neither do we wish to be understood as condemning the application of differentials lower than such locals in the making of joint through rates beyond or intermediate to such basing points; what we do say is: that, in the making of joint through rates on long-distance traffic, to local or noncompetitive points, the differentials above the rates to the basing points should bear some reasonable relation to the total distances involved; and that where the long-haul traffic to local stations is meager these differentials may perhaps be higher than otherwise they would be.[6]

Inasmuch as the Commission's order in regard to the fourth section violations in this territory affects principally the local points throughout the South, considerable attention should be given to it with respect to such points as are discussed in this chapter. Although this order, which is reproduced in substance in Appendix A of these treatises, will cause some departure from the present basis, indicated in Table 35, it has seemed desirable to give the basis in use at the present time for two reasons: (1) Some time may elapse before the federal order can be complied with and (2) an understanding of the present method of rate-making is necessary in order to appreciate the full force of the reduction ordered.

In Table 35 is given the present basis employed in establishing the local rates to some of the divisions of the various railroads in the South.

[6] 28 I. C. C. Rep., 154, 172.

TABLE 35

Bases for Rates from New York, N. Y., to Local Stations in Southeastern Territory

To Intermediate Points Located on the Following Lines	Rate Basis Applicable
Atlantic Coast Line Railroad:	
West of Savannah in Georgia	Note 1
Local stations in Alabama	Note 2
Central of Georgia Railway:	
North of Macon, Ga., to Atlanta, Ga., and Chattanooga, Tenn., and west of Macon to Columbus, Ga., and Eufaula, Ala., and between Smithville, Ga., and Columbia, Ala	Note 3
Between Gordon, Ga., and Covington, Ga	Note 4
To stations between Eufaula, Ala., and Montgomery, Ala.; Columbus, Ga., and Hurtsboro, Ala	Note 5
To stations between Eufaula, Ala., and Ozark, Ala., and between Columbus, Ga., and Andalusia, Ala.; Dothan, Ala., and Lakewood, Fla	Note 6
To stations between Columbus, Ga., and Opelika, Ala	Note 7
To stations between Opelika, Ala., and Birmingham, Ala	Note 8
Seaboard Air Line Railway:	
Between Atlanta, Ga., and Greenwood, S. C	Note 9
Southern Railway:	
Between Seneca, S. C., and Atlanta, Ga., including Athens branch and between Atlanta, Ga., and Chattanooga, Tenn.	Note 10
Between Austell, Ga., and Birmingham, Ala	Note 11
Between Toccoa, Ga., and Elberton, Ga	Note 12
To other intermediate points	Note 13

Note 1. The rates are made with regard to those to the junction points, but not in excess of the combination of rates to and from the ports. The present-day differences as compared with the common point show that the rates to intermediate points are the following differentials higher than the rates to the junction points:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	9	9	5	5	4	4	2	0	0	0	6	6	0

Note 2. To local stations on the same railroad in Alabama, the rates are the following differentials higher than the rates to Montgomery:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	22	19	17	16	14	12	12	10	10	5	12	14	20

Note 3. To local stations on the Central of Georgia Railway, north of Macon, Ga., to Atlanta, Ga., and Chattanooga, Tenn., west of Macon, Ga., to Columbus, Ga., and Eufaula, Ala., and between Smithville, Ga., and

Columbia, Ala., rates are made on the combination but not to exceed a blanket scale of rates, which is not greatly in excess of the rates to the more important basing points.

NOTE 4. The rates to Covington, Ga., are maxima.

NOTE 5. Combination rates are not to exceed those currently in effect to Union Springs, Ala.

NOTE 6. Rates are not to exceed the following differentials over the rates to Montgomery, Ala.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	22	19	17	16	14	12	12	10	10	5	12	14	20

NOTE 7. To stations between Columbus, Ga., and Opelika, Ala., the rates, prior to February 1, 1905, were on the Opelika scale, but when the rates to Opelika were reduced on the date specified, no change was made in the intermediate rates.

NOTE 8. Rates are not to exceed those currently in effect to Sylacauga and Childersburg, Ala.

NOTE 9. To stations on the Seaboard Air Line Railway, between Atlanta, Ga., and Greenwood, S. C., the general basis was the same as that to Atlanta, but when the rates to Atlanta, which became effective February 1, 1905, were reduced, no change was made in the rates to these stations.

NOTE 10. Chattanooga rates in effect prior to February 1, 1905, are maxima.

NOTE 11. The rates are not to exceed those made by the Central of Georgia Railway to Leeds, Ala.

NOTE 12. The rates are the following differentials higher than the Toccoa rates:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials...	4	4	4	4	3	3	3	3	2½	2	3	4	5

NOTE 13. The rates are made on the lowest combination.

6. CURRENT RATES ILLUSTRATIVE OF PRESENT ADJUSTMENT

(a) *To Memphis, Tenn., and Intermediate Points*

Taking the route formed by the Norfolk and Western Railway and the Southern Railway from Bristol, Tenn.-Va., to Memphis, Tenn., the rates to the more important points as well as to some of the local points are indicated in Table 36.

TABLE 36

CLASS RATES FROM NEW YORK, N. Y., TO MEMPHIS, TENN., AND INTERMEDIATE POINTS

FROM NEW YORK, N. Y., TO	RATES IN CENTS PER 100 POUNDS EXCEPT AS NOTED												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[6]
Bristol, Tenn.-Va.[2]	91½	78	60½	42	37	28							
Bluff City, Tenn.	110	95	78½	58	51	38	41	39	37	37	57	62	74
Johnston City, Tenn.													
C. L.	100	85	70	55	48	40	43	45	39	38	58	62	77
L. C. L.	110	95	80	60	53	40	43	45	39	38	58	62	77
Morristown, Tenn.	110	95	80	62	55	48	43	45	39	38	58	62	77
Knoxville, Tenn.	100	85	70	55	48	40	36	40	36	36	48	55	72
Chattanooga, Tenn.	105	93	83	68	56	44	36	48	40	39	58	60	78
Huntsville, Ala.	116	100	88	75	62	51	38	50	42	41	60	70	82
Decatur, Ala.	116	100	88	75	62	51	38	50	42	41	60	70	82
Huntsville, Ala.	116	100	88	75	62	51	38	50	42	41	60	70	82
Corinth, Miss.	138	120	98	75	63	52	52	52	46	46	61	72	92
Middleton, Tenn.	141	121	97	72	60	51	52	52	46	46	61	72	92
Grand Junction, Tenn.	141	121	97	71	59	50	50	50	46	44	59	71	91
Memphis, Tenn.[3]	100	85	65	45	38	32							
Nashville, Tenn.[3]	91	78	60	42	36	31							
Clarksville, Tenn.[3 4]	101	88	70	50	44	39							

[1]Governed by the Southern Classification, except as noted.
[2]Per barrel.
[3]Governed by the Official Classification.
[6]Teamtrack delivery.

It will be observed from Table 36 that the rates to a number of the intermediate points exceed the rates to Memphis, Tenn., the most distant point on this selected route. The rates to Memphis, Tenn., however, may be attributed to the competition of the northern and southern transportation routes for traffic originating at or destined to points in Trans-Missouri Territory. In order to compete, it is necessary that the southern routes have substantially the same rates to the Mississippi River as their northern rivals. As explained in the treatise devoted to the construction of freight rates in Western Territory, to points in Arkansas, Oklahoma, Louisiana, and Texas, and the Republic of Mexico,

Memphis is conceded a differential under the established St. Louis rates, which in some cases entirely offsets the difference between the rates from the East to Memphis and the rates to St. Louis. The basing rates from New York and Boston to St. Louis are on the 117% scale in so far as class rates are concerned, as explained in the treatise devoted to rate construction in Official Classification Territory.

(b) *To Jacksonville, Fla., and Intermediate Points*

Table 37 sets forth the rates currently in effect from New York, N. Y., to stations on the Atlantic Coast Line Railroad.

TABLE 37

RATES FROM NEW YORK TO STATIONS ON THE ATLANTIC COAST LINE RAILROAD FROM GOLDSBORO, N. C., TO JACKSONVILLE, FLA., INCLUSIVE

From New York, N. Y., to	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Goldsboro, N. C.	84	73	61	47	41	32	28	33	32	29	41	47	62
Wilmington, N. C.	63	52	43	36	28	19	16	16	16	14	28	29	28
Selma, N. C.	84	73	61	47	41	32	28	33	32	29	41	47	62
Dunn, N. C.	91	80	67	53	46	36	29	35	34	31	46	53	66
Fayettesville, N. C.	91	80	67	53	43	30	28	24	23	20	43	43	44
Pembroke, N. C.	98	87	74	60	50	39	31	36½	36	31	51½	60	66
Bennettsville, S. C.	98	87	74	60	50	39	31	36½	36	31	51½	60	66
Sumter, S. C.	98	87	74	60	50	39	31	36½	36	31	51½	60	66
Columbia, S. C.	96	81	70	58	47	37	28	42	32	31	43	54	61
Orangeburg, S. C.	98	87	74	60	50	39	31	36½	36	31	51½	60	66
Charleston, S. C.	72	60	50	35	29	25	25	23	23	23	32	32	46
Denmark, S. C.	98	87	74	60	50	39	31	36½	36	31	51½	60	66
Barnwell, S. C.	98	91	76	62	53	44	31	40½	36	34	51½	60	66
Allendale, S. C.	98	91	76	62	53	44	31	40½	33	34	51½	60	60
Yemassee, S. C.	106	93	79	65	51	45	35	40	31	30	49	63	61
Beaufort, S. C.	72	60	50	35	29	25	25	23	23	23	32	32	46
Jacksonville, Fla.	75	63	53	37	31	27	27	25	25	25	34	34	50

[1]Governed by the Southern Classification
[2]Per barrel.

TABLE 38

Class Rates via Rail and Water from New York, N. Y., to Stations on the Southern Railway, the Western Railway of Alabama, and the Louisville & Nashville Railroad from Danville, Va., to Mobile, Ala.

From New York, N. Y., To	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
High Point, N. C.	89	78	65	51	45	35	29	35	34	29	45	52	66
Lexington, N. C. Salisbury, N. C.	91	80	67	53	46	36	29	35	34	31	46	53	66
Harrisburg, N. C. Charlotte, N. C.	91	80	67	53	46	36	29	35	34	31	46	53	66
Belmont, N. C.	103	92	79	65	54	43	33	39	39	36	54	66	75
Gastonia, N. C.	103	92	79	65	54	43	33	39	39	36	54	66	75
Kings Mountain, N. C.	103	92	79	65	54	43	33	39	39	32	54	66	75
Blacksburg, S. C.	103	92	79	65	54	43	33	39	39	36	54	66	75
Gaffney, S. C.	107	101	83	67	56	51	35	45	39	38	58	70	75
Cowpens, S. C.	112	98	85	70	58	49	36	47	40	39	58	68	76
Spartanburg, S. C.	114	98	86	73	60	49	36	48	40	39	58	68	78
Duncan, S. C.	114	98	86	73	60	49	36	48	40	39	58	68	78
Greenville, S. C.	114	98	86	73	60	49	36	48	40	39	58	68	78
Liberty, S. C.	114	98	86	73	60	49	36	48	40	39	58	68	78
Seneca, S. C.	114	98	86	73	60	49	36	48	40	39	58	68	78
Madison, S. C.	114	98	86	73	60	49	36	48	40	39	58	68	78
Toccoa, Ga.	114	98	86	73	60	49	36	48	40	39	58	68	78
Cornelia, Ga. Bellton, Ga.	114	98	86	73	60	49	36	48	40	39	58	68	78
Gainesville, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Buford, Ga. Suwanee, Ga.	114	98	86	73	60	49	36	48	40	39	58	68	78
Dunwoody, Ga.	118	102	90	77	63	52	39	51	42½	41	61	72	83
Atlanta, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Madras, Ga.	131	116	104	87	71	56	48	60	47½	43½	73	79	91
Newnan, Ga.	125	111	98	81	67	54	46	55	43	40	67	73	82
St. Charles, Ga.	127	113	101	84	69	55	47	59	47½	45	71	76	93
LaGrange, Ga.	105	93	83	68	56	44	36	48	40	39	58	60	78
Gabbettville, Ga.	120	106	94	77	64	51	42	54	44½	42½	65	70	87
West Point, Ga.	108	95	84	69	57	45	36	48	40	39	58	68	78
Cusseta, Ga.	130	115	102	85	71	56	47	61	49	47	73	86	96
Opelika, Ala.	105	95	84	69	57	45	36	48	40	39	58	68	78
Notasulga, Ala.	133	118	105	87	72	58	48	62	49	47	74	87	96
Franklin, Ala.	143	127	112	91	76	61	51	65	51	49	78	94	100
Montgomery, Ala.	108	95	84	69	57	45	36	48	40	39	58	68	78

[1]Governed by the Southern Classification.
[2]Per barrel.

In the route selected for Table 37 the influence of water competition is felt to a much greater extent than in the other routes, owing to the close proximity of this route to the coast ports. The rates to the first inland point shown therein, viz., Goldsboro, N. C., exceed the rates applied to the most distant point, viz., Jacksonville, Fla.

(c) *To Gentilly, La., and Intermediate Points*

In Table 38 we note a gradually ascending scale of rates to local points until Montgomery, Ala., is reached. This scale is broken into at frequent intervals by lower rates to common points, but it may be taken as representative of any route that might be selected in this territory.

Upon reaching Montgomery the publication of through rates is discontinued and a combination basis is authorized. In so far as this territory is concerned, the authorized combination is on Pensacola, Fla., Mobile, Ala., Montgomery, Ala., Nashville, Tenn., or Louisville, Ky., whichever produces the lowest basis. The rates to these base points from New York are as indicated in Table 39.

TABLE 39

BASING RATES FROM NEW YORK, N. Y., TO SOUTHERN POINTS

From New York, N. Y., to	Rates in Cents per 100 Pounds Except as Noted												
	Classes												
	1	2	3	4	5	6	A	B	C	D	E	H	F[1]
Montgomery[2]	108	95	84	69	57	45	36	48	40	39	58	68	78
Louisville[3]	75	65	50	35	30	25							
Mobile[3]	100	85	69	54	46	39							
Nashville[3]	91	78	60	42	36	31							
Pensacola[3]	75	65	55	45	40	35							

[1]Per barrel.
[2]Governed by the Southern Classification.
[3]Governed by the Official Classification.

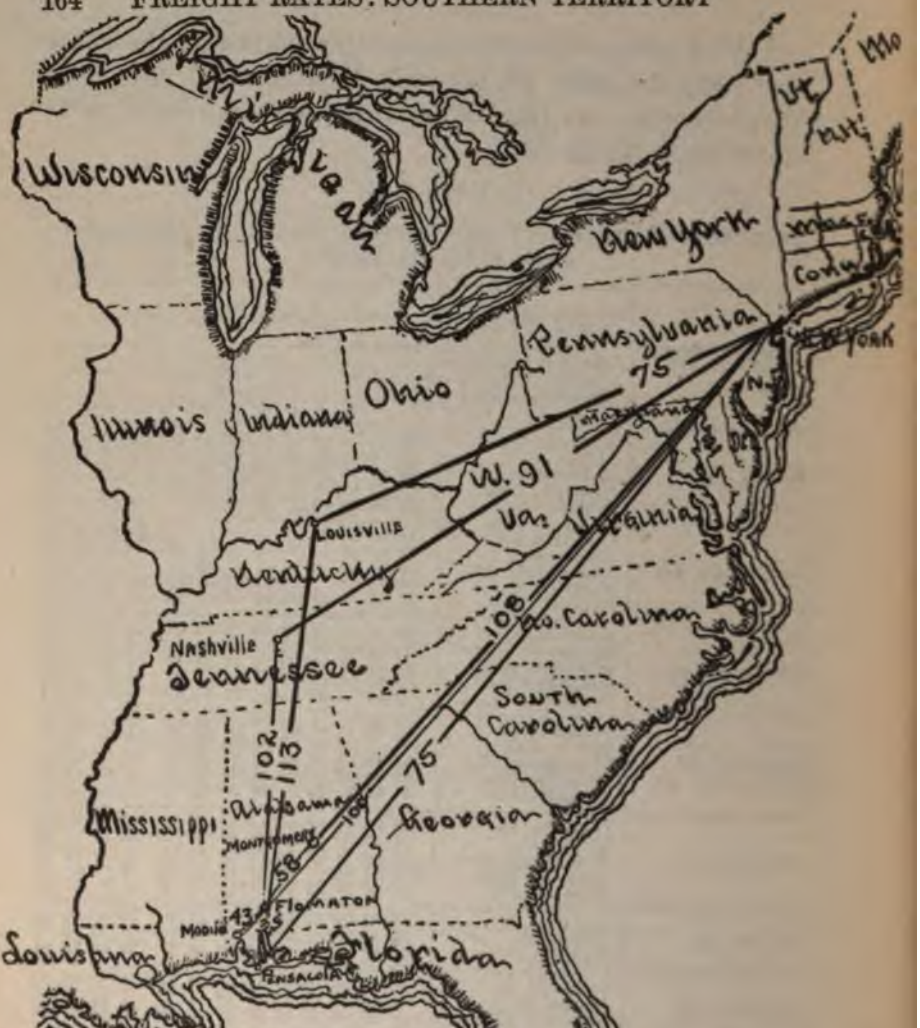
Taking some of the representative points on the route indicated in Table 40 between Montgomery, Ala., and New Orleans, La., the basing rates are expressed as is indicated in Table 39.

TABLE 40

Arbitrary Adjustment to Interior Alabama, Mississippi, and Louisiana Points

To Make Through Rates to	And the Following Local Rates to Junctions Points Named, Adopting Lowest Totals as Through Rates	Rates in Cents per 100 Pounds Except as Noted													
		Classes[1]													
		1	2	3	4	5	6	A	B	C[2]	D	E	H	F[3]
Cotoma, Ala.	Louisville, Ky.	108	85	78	64	57	47	34	40	27	25	30	45	54
	Mobile, Ala.	62	50	39	32	27	26	21	26	17	16	30	25	30
	Montgomery, Ala.	12	10	9	8	7	6	6	6	5	5	6	6	10
	Nashville, Tenn.	75	72	62	49	41	34	26	32	20	30	30	27	40
	Pensacola, Fla.	62	50	39	32	27	26	21	26	17	15	30	25	30
Fort Deposit, Ala.	Louisville, Ky.	110	90	78	65	60	56	45	51	33	25	58	58	66
	Mobile, Ala.	64	55	49	43	35	38	32	38	15	15	38	38	28
	Montgomery, Ala.	29	25	22	19	18	17	17	17	11	9	17	17	22
	Nashville, Tenn.	92	81	64	50	32	45	37	43	38	23	50	38	53
	Pensacola, Fla.	60	52	46	41	36	33	32	33	18	15	33	33	36
Georgiana, Ala.	Louisville, Ky.	110	90	78	65	60	56	52	58	34	25	56	56	68
	Mobile, Ala.	58	50	44	39	34	32	32	32	17	14	32	32	34
	Montgomery, Ala.	41	35	31	20	28	24	24	24	12	10	24	24	24
	Nashville, Tenn.	99	83	65	60	55	51	44	50	27	24	51	45	54
	Pensacola, Fla.	56	45	43	38	33	31	31	31	17	14	31	31	34
Evergreen, Ala.	Louisville, Ky.	113	92	78	67	62	56	54	58	34	27	58	58	68
	Mobile, Ala.	55	47	42	37	32	30	30	30	16	13	30	30	32
	Montgomery, Ala.	51	44	39	34	31	29	29	29	15	12	29	29	30
	Nashville, Tenn.	102	85	66	61	56	52	49	52	28	24	52	49	60
	Pensacola, Fla.	51	44	39	34	31	29	29	29	15	12	29	29	30
Flomaton, Ala.	Louisville, Ky.	113	92	78	67	62	56	46	58	30	26	49	58	60
	Mobile, Ala.	43	37	33	30	27	25	25	25	12	10	25	25	24
	Montgomery, Ala.	58	50	44	39	34	32	32	32	17	14	32	32	34
	Nashville, Tenn.	102	85	66	61	56	50	42	48	28	24	44	41	56
	Pensacola, Fla.	35	30	27	23	22	21	21	21	12	10	21	21	24
Perdido, Ala.	Louisville, Ky.	113	92	78	67	60	54	44	57	29	25	47	58	58
	Mobile, Ala.	32	27	24	21	20	19	19	19	11	9	19	19	22
	Nashville, Tenn.	102	85	66	61	53	48	40	46	27	24	42	39	54
Hurricane, Ala.	Louisville, Ky.	110	92	78	63	52	46	36	49	25	23	39	58	50
	Mobile, Ala.	20	17	15	13	12	11	11	11	7	7	11	11	14
	Nashville, Tenn.	95	80	66	55	45	40	32	38	23	22	34	31	46
Biloxi, Miss.	Louisville, Ky.	102	85	74	58	47	41	31	42	27½	25	34	39	55
	Mobile, Ala.	29	25	22	19	18	17	17	17	11	9	17	17	22
	New Orleans, La.	29	25	22	19	18	17	17	17	11	9	17	17	22
	Nashville, Tenn.	104	88	70	61	51	46	38	33	23	18	40	37	41
Gentilly, La.	Louisville, Ky.	102	85	74	58	47	41	31	42	27½	25	34	39	55
	Nashville, Tenn.	83	73	64	50	40	35	27	33	23	18	29	26	41
	New Orleans, La.	12	10	9	8	7	6	6	6	5	5	6	6	10

[1]Governed by the Southern Classification.
[2]C. L. only.
[3]Per barrel.



FIRST-CLASS RATE — COMBINATIONS TO FLOMATON, ALA.

VIA	FROM NEW YORK	BEYOND	THRU
Louisville, Ky.	75	113	188
Nashville, Tenn.	91	102	193
Montgomery, Ala.	108	58	166
Pensacola, Fla.	75	35	110
Mobile, Ala.	100	43	143

It will be observed that at Catoma, Ala., which is the first station outside of Montgomery, Ala., the rates would unquestionably make on the Montgomery combination, whereas at Hurricane, Ala., the combination would be effected on Mobile. It should be understood, in this connection, that if a shipment were destined to Hurricane and the rate made on the Mobile combination, it would not be necessary for the carrier actually to transport the goods to Mobile and back again. At intermediate points, such as Fort Deposit, Georgiana, or Flomaton, Ala., the combination may be made on either Montgomery or Mobile.

Illustrative of the various combinations, the accompanying map shows the method of determining the first-class rail-and-water rates from New York to Flomaton, Ala., via Mobile and Pensacola.

On the other hand, due to differences in classification, it may be possible at times to employ the Louisville, Nashville, or Mobile combination to advantage in order to defeat any of the other combinations. A basis such as this is quite complicated and necessitates considerable figuring to determine the most economical route.

7. Fourth Section Orders

The orders of the Interstate Commerce Commission affecting the points touched upon in this chapter will be found in Appendix B.

CHAPTER XI

SOUTHEASTERN TERRITORY—Continued

1. Adjustment from Eastern Points Other Than New York

In contrast with other North Atlantic Ports, by far the greatest volume of traffic destined to Southeastern Territory originates in the vicinity of New York. Such being the case, it is only natural that the rates from the other port cities be made with reference to the established rates from New York.

(a) *From Boston, Mass., and Providence, R. I.*

The water-and-rail rates from Boston, Mass., and Providence, R. I., are made the same as the water-and-rail rates from New York, N. Y., to all destinations except Gainesville, Ga., to which point the rates are held arbitrarily 5 cents higher on each class than the New York rates.

A representative line of class rates applying via all rail from Boston, Mass., and Providence, R. I., is indicated in Table 41. The route selected is that of the Southern Railway to Birmingham, Ala., the Alabama Great Southern Railroad to Meridian, Miss., and the Alabama & Vicksburg Railway to Vicksburg, Miss., traversing the central portion of this territory and thus being removed as far as possible from the effect of water competition. Nevertheless, it will be observed that the rates

at many points are depressed to a lower level than those to intermediate points, which should clearly indicate the compelling nature of this competition.

TABLE 41

Class Rates via All Rail from Boston, Mass., and Providence, R. I., to Points in Southeastern Territory

From Boston, Mass., and Providence, R. I., to	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Burgess, Va.	68	59	52	44	37	30	29	37	30	29	..	..	48
Dinwiddie, Va.	72	63	55	46	38	31	30	38	31	30	..	..	50
McKenney, Va.	80	69	61	50	42	34	32	41	34	32	..	..	56
Alberta, Va.	86	73	62	47	40	33	33	37	33	33	40	47	66
Skelton, Va.	95	83	69	52	45	38	37	41	39	35	..	..	69
Bracey, Va.	101	88	75	59	52	40	38	43	41	38	..	..	73
Henderson, N. C.	101	88	75	60	52	42	38	43	42	39	52	60	82
Tar River, N. C.	101	88	75	60	52	42	38	43	42	39	52	60	82
Durham, N. C.	101	88	75	60	52	42	38	43	42	39	52	60	82
Hillsboro, N. C.	101	88	75	60	52	42	38	43	42	39	52	60	82
Greensboro, N. C.	101	88	75	60	52	42	38	43	42	39	52	60	82
High Point, N. C.	106	93	79	64	56	45	39	45	44	39	56	55	86
Lexington, N. C.	108	95	81	66	57	46	39	45	44	41	57	66	86
Concord, N. C.	108	95	81	66	57	46	39	45	44	41	57	66	86
North Charlotte, N. C.	108	95	81	66	57	46	39	45	44	41	57	66	86
Kings Mountain, N. C.	120	107	93	78	65	53	43	49	49	42	65	79	95
Blacksburg, S. C.	120	107	93	78	65	53	43	49	49	46	65	79	95
Cowpens, S. C.	129	113	99	83	69	59	46	57	50	49	69	81	98
Spartanburg, S. C.	131	113	100	86	71	59	46	58	50	49	69	81	98
Fair Forest, S. C.	131	113	100	86	71	59	46	58	50	49	69	81	98
Seneca, S. C.	131	113	100	86	71	59	46	59	50	49	69	81	98
Toccoa, Ga.	131	113	100	86	71	59	46	58	50	49	69	81	98
Dunwoody, Ga.	135	117	105	90	74	62	49	61	52½	51	72	85	103
Atlanta, Ga.	117	103	92	76	62	49	41	53	45	44	64	68	88
Freeman, Ga.	142	126	107	91	74	60	47	59	51	49	72	86	100
Anniston, Ala.	126	108	95	81	66	54	41	53	45	44	64	76	88
Pell City, Ala.	142	123	107	91	74	60	47	59	51	50	72	86	100
Birmingham, Ala.	127	108	95	81	66	54	41	53	45	44	64	76	88
Black Creek, Ala.	155	133	116	98	81	66	53	66	52	51½	78	80	103
Cottondale, Ala.	161	138	120	100	83	68½	55	62	51	49	74	75	98
Tuscaloosa, Ala.	150	130	111	91	76	63	56	61	52	47	67	73	...
Hull, Ala.	171	147	126	104	88	72	61½	66	52	51½	78½	80	103
Akron, Ala.	169	155	124½	103	88	71½	56	68	58	53	81	83	106
McClure, Ala.	167	143	123	102	87	71	61	69	55	54	80	86	108
Boligee, Ala.	161	138	119	99	84	68½	59	67	53	52½	77½	89	105
Epes, Ala.	155	133	115	96	81	66	57	65	51	51	75	90	102
Livingston, Ala.	149	128	111	93	78	63½	55	63	49	49½	72½	87	99
York, Ala.	143	123	107	90	75	61	48	61	50	48	70	84	96
Kewanee, Miss.	137	118	103	87	72	58½	51	59	48	46½	69½	81	93
Russell, Miss.	129	111	97	82	67	55	47	55	47	44	65	76	88
Meridian, Miss.	114	98	86	73	60	49	41	48	40	39	58	68	78
Hickory, Miss.	169	148	122	95	82	70	58	58½	58	51	71	95	107
Newton, Miss.	134	115	101	83	69	55	46	53	52	44	70	80	89
Lake, Miss.	169	148	122	98	82	70	58	58½	58	51	71	97	107
Morton, Miss.	169	148	122	98	82	70	58	58½	58	51	71	97	107
Frankfort, Miss.	124	109	93	83	71	64	57	53½	48	46	60	85	96
Bolton, Miss.	152	136	114	90	74	65	55	56½	54	49	66	90	103
Beechwood, Miss.	152	136	114	90	74	64	55	56½	54	49	66	88	103
Vicksburg, Miss.	118	98	78	61	50	44	44	44	44	44	50	61	88

[1]Governed by the Southern Classification.
[2]Per barrel.

It will be recalled that at Vicksburg is felt not only the actual competition of the Mississippi River but also that of the rail-and-water rates, which are made in conjunction with the ocean steamship lines serving the ports of Mobile and New Orleans.

(*b*) *From Interior New England Points*

Although the greatest part of New England Territory is given the flat Boston or Providence rates, there are still many points which are adjusted arbitrarily with relation to the rates currently in effect from Boston or Providence. In Table 42 are indicated some of these points and the basis that is to be applied in constructing through rates therefrom.

TABLE 42

BASES FOR RATES FROM INTERIOR NEW ENGLAND POINTS TO POINTS IN SOUTHEASTERN TERRITORY

To Points in Southeastern Territory from	Rate Basis Applicable
Addison Jct., N. Y.	Boston rates plus the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials.. 11 6 8 7 7 5 5 5 5 5 7 7 10
Alburgh, Vt.	Boston rates plus the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials.. 6 5 4 3 3 2 2 2 2 2 3 3 4
Angeline, Que.	Boston rates plus the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials.. 16 14 11 9 7 5 5 5 5 5 7 9 10
Ansonia, Conn.	Apply Boston class and commodity rates
Augusta, Me.	On paper add to Boston rates, C. L., 3¾; L. C. L., 5¼
Ausable Forks, N. Y.	On paper apply Boston rates; on classes and other commodities apply same rates as from Addison Jct., N. Y.
Ballston, N. Y.	Rates on cotton piece goods (rated at fourth class in Southern Classification) are 1 cent per 100 pounds higher than Boston rates; on classes and other commodities Boston rates apply
Basin Mills, Me.	On paper add to Boston rates, C. L., 7¼; L. C. L., 10¼
Beldens, Vt.	On marble and granite Boston rates apply; on other traffic same rates apply as from Leicester Jct., Vt.

TABLE 42—Continued

Bases for Rates from Interior New England Points to Points in Southeastern Territory

To Points in Southeastern Territory from	Rate Basis Applicable
Bellows Falls, Vt.	Boston rates plus the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials...11 9 6 1 2½ 2 2 2 2 2 2½ 1 4
Center Rutland, Vt.	On marble and granite Boston rates apply; on classes and other commodities same rates apply as from Bellows Falls, Vt.
Brunswick, Me.	Boston rates plus the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials.. 6 5 4 3 3 2 2 2 2 2 3 3 4
Chisholms Mills, Me.	On paper add to Boston rates, C. L., 4¾; L. C. L., 6½
Fort Ethan Allen, Vt.	On live stock, C. L., 1 cent per 100 lbs., min. $5 per car; other freight, C. L., 1 cent per 100 lbs., min. $3 per car; L. C. L., 5 cents per 100 lbs. over rates from Essex Jct., Vt.
Greenfield, N. Y.	Boston rates plus the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials.. 10 8 5 5 2 0 0 0 0 0 2 5 0
Greenwich, N. Y.	On paper Boston rates apply; no basis for rates in effect on classes and other commodities
Lake Placid, N. Y.	Add to rates shown from Addison Jct., N. Y., $10 per car, min. wt. 30,000 lbs.; on L. C. L. traffic add the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials.12 11 10 8 7 6 6 6 6 6 7 8 12
Joybridge, Me.	On paper add to Boston rates, L. C. L., 6½; C. L., 4¾; no basis for other rates
Leicester Jct., Vt.	Boston rates plus the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials.. 12 11 8 7 7 5 5 5 5 5 7 7 10
Madison, Me.	On paper add to Boston rates, C. L., 5¾; L. C. L., 14½
Mechanic Falls, Me.	On paper add to Boston rates, C. L., 5¾; L. C. L., 11½
Pejepscot, Me.	On paper add to Boston rates, C. L., 3¾; L. C. L., 5½
Ray Brook, N. Y.	Add to rates shown to Addison Jct., N. Y., $5 per car, min. wt. 30,000 lbs.; on L. C. L. traffic add the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials 12 11 10 8 7 6 6 6 6 6 7 8 12
Riverside, N. Y.	Boston rates plus the following differentials: Classes..... 1 2 3 4 5 6 A B C D E H F Differentials.. 10 8 5 5 2 0 0 0 0 0 2 5 0
Shawmut, Me.	On paper add to Boston rates, C. L., 5¾; no basis for rates in effect on classes and other commodities

It will be observed from Table 42 that not a few of the points have a special adjustment affecting only

shipments of paper and have no basis for the construction of rates on classes or other commodities. The manufacture of paper is one of the chief industries of the states of Vermont, New Hampshire, and Maine; while the ordinary run of traffic would feel no hardship in the absence of through rates, it is necessary in any given competitive line of trade such as this relatively to adjust the rates of the respective mills in order to enable them to compete with one another for trade in competitive districts.

As before stated, this list shows only a few points and is given as typical of the information contained in the tariff. Again, the adjustments indicated in this instance are applied to Southeastern Territory and when traffic is destined to points in Mississippi Valley Territory, Carolina Territory, Kentucky-Tennessee Territory, the basis given may vary for each adjustment. This information cannot be stated in a general way and therefore it is necessary to refer to the publications of the carriers for the basis to apply from such inland points.

(*c*) *From Philadelphia, Pa.*

To all destinations in Southeastern Territory east of Chattanooga, Birmingham, Selma, and Montgomery, the rates from Philadelphia are made the same as the New York rates to the same points.

To Chattanooga, Birmingham, Montgomery, Selma, and points west thereof, the rates are made the following differentials less than the New York rates:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials....	6	6	2	2	2	2	2	2	2	2	2	2	4

There is one exception to the rule just stated, viz., the class rates to Anniston, Ala., are the minimum

corresponding rates to the Gadsden group, the Birmingham group, Montgomery, and Selma. Thus, the rates from Philadelphia to Chattanooga would be constructed by deducting the differentials indicated from the New York rates which are shown in Table 36, the results being the current Philadelphia-Chattanooga rates.

(*d*) *From Baltimore, Md.*

The basis applied from Baltimore differs from that from Philadelphia inasmuch as Baltimore is conceded differentials under the New York rates to all territory, and rightly so, considering its distance from the Virginia Ports and Gateways.[1]

The current rates to Chattanooga, Birmingham, Montgomery, Selma, and points west thereof are made the following differentials less than the New York rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	8	8	3	3	3	3	3	3	3	3	3	3	6

To other destinations in Southeastern Territory the rates are made the following differentials less than the New York rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	6	6	5	5	4	3	3	2	3	3	3	3	6

(*e*) *From Suburban Points*

Certain receiving stations in the suburbs or in the lighterage limits of the port cities are accorded the rates assigned to the port city. The list of such points varies, however, according to the line that initiates the traffic. The publications of the interested carriers should be consulted for this information. It may be

[1]See Traffic Glossary.

stated, however, that in so far as New York is concerned, the flat New York rate is applied from all points within the lighterage limits of New York harbor.

(*f*) *From Interior Eastern Territory*

Interior eastern territory, or Atlantic Seaboard Territory, as it is sometimes called, is defined, for the adjustment of rates to this territory, as that portion of the country lying east of a line drawn from Toronto, Ontario, through Lewiston, Niagara Falls, and Buffalo, N. Y., and Erie, Pa., to Oil City, Pa.; thence via the Allegheny Valley Railway to Pittsburgh, Pa.; and thence via the Ohio River to Ironton, Ohio, but not including points in Buffalo-Pittsburgh Territory or the Eastern Port Cities and their respective suburban receiving stations.

As a general rule, the all-rail rates from points in this territory are made by applying the Boston, New York, Philadelphia, or Baltimore all-rail rates, in cases where the proportions demanded by the eastern lines to the Potomac and the Virginia gateways [2] are the same as those from the port cities named to the same gateways. From points taking higher proportions than those from the ports, the through rates are as much higher than those from the ports as is represented by the difference in the proportions. To nearly all Alabama destinations, the combinations on the Ohio River Crossings are not exceeded.

To illustrate this adjustment, assume the points of origin to be Reading and Harrisburg, Pa., and the destination Bennettsville, S. C. The present through rates from Reading and Harrisburg to Bennettsville, via all rail, are as follows:

[2]See Traffic Glossary.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Through rates from Reading to Bennettsville	110	97	83	68	56	44	36	41½	41	36	57½	68	76
Through rates from Harrisburg to Bennettsville	104	91	77	64	52	40	32	37½	37	32	53½	64	68

The local all-rail rates from Reading to Norfolk are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	52	45	35½	24	20	16	16	24	16	16	20	24	32

These rates plus the local rates from Norfolk to Bennettsville produce in no case a lower, and generally a very much higher, rate than that obtained under the relative adjustment indicated above. Where all-rail lines operate special commodity rates from Reading to Norfolk lower than the all-rail class rates referred to, such lower special commodity rates, when added to the local rates from Norfolk to Bennettsville, produce, in some cases, lower figures than the through rates referred to above.

The local all-rail rates from Harrisburg to Norfolk are as follows:

Classes	1	2	3	4	5	6
Rates	52	45	35½	24	20	16

These rates are governed by the Official Classification, while the rates from Norfolk to Bennettsville are governed by the Southern Classification. It is therefore impracticable to combine the local rates to Norfolk with the local rates south on account of the difference existing in the two classifications in the ratings on various commodities. The rule that has been adopted in Official Classification Territory, however, for the assimilation of the Southern Classification is as follows:

Classes A, B, C, and D in the Southern Classification are equivalent to sixth class in the Official Classification; Class E is equivalent to fifth class; Class H is equivalent to fourth class; and Class F is equivalent to twice sixth class per barrel.

On some commodities the actual combinations would, no doubt, make less than the through rates constructed on the relative adjustment referred to above, although the general lines of rates on actual combinations would undoubtedly be higher than the through all-rail rates constructed on the aforesaid relative adjustment. It will be observed, in the case of Reading and Harrisburg, that these are the Philadelphia and Baltimore all-rail rates.

To nearly all Alabama destinations, the combination on the Ohio River Crossings is not exceeded. The water-and-rail rates to destinations west of the Alabama Great Southern Railroad, including Chattanooga, are made the same as the corresponding all-rail rates. To points on and east of the Alabama Great Southern Railroad, the rates are made the following differentials under the corresponding all-rail rates:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials....	4	3	2	2	1	1	1	1	1	1	1	2	2

There are certain exceptions to the literal workings of the all-rail basis given. Rochester, N. Y., and points taking the same proportions to the Ohio and the Virginia gateways are arbitrarily given the same rates as New York rate points; Palmer and Spencer, Mass., are given the same rates as Boston rate points; and certain stations on the Northern Central Railway are given the same rates as Baltimore rate points. Other rates are made to be not less than those from Pittsburgh. In point of number, however, these excepted points are

not many as compared with those which have rates made under the general basis.

(g) *From Buffalo-Pittsburgh Territory*

A line is drawn from Toronto, Ontario, through Lewiston, Niagara Falls, and Buffalo, N. Y., and Erie, Pa., to Oil City, Pa.; thence via the line of the Allegheny Valley Railway to Pittsburgh; and thence down the Ohio River, through Wheeling, Parkersburg, and Huntington, W. Va., Ironton and Portsmouth, Ohio. The territory includes points on and adjacent to this line which take the same rates to the Ohio River Crossings and to the eastern Virginia and Potomac gateways as do the cities named. To points in the states of Alabama, Florida, Georgia, Mississippi, and Tennessee, the rates are adjusted on the following basis:

Numbered classes make on the Ohio River Crossings, the North Atlantic Ports, the South Atlantic Ports,[8] Hagerstown, Md., Strasburg Junction, Va., Shenandoah Junction, W. Va., Potomac Yards, D. C., or the Virginia Cities, using the established rates south of these gateways. The rates so made must not exceed the all-rail rates from New York by more than the following differentials:

Classes	1	2	3	4	5	6
Differentials	15	13	11	9	7	6

[8]The South Atlantic Port combination is applied only in connection with the following basing rates governed by the Southern Classification, applicable from Buffalo, N. Y., Erie and Pittsburgh, Pa., Wheeling, W. Va., and points taking the same rates to Charleston, S. C., and Savannah and Brunswick, Ga.:

Classes	1	2	3	4	5	6
Rates	70	60	50	40	30	25
Wharfage and transfer	8	8	8	5	5	5
Through rates	78	68	58	45	35	30

The all-rail rates to Charleston, Savannah, and Brunswick proper are to be observed as minima to all points of destination.

The lettered classes are made in a like manner except that the differentials over New York are disregarded and the South Atlantic Port combinations are not authorized.

On commodities not covered by published tariffs, through rates are made not to exceed the combination of established rates to the Ohio River Crossings and Virginia Cities plus the full rates south of such crossings and cities. The rates so constructed are governed by the Southern Classification except that to the territory of the Associated Railways of Virginia and the Carolinas, the exceptions of the Associated Railways apply.[4]

On classified and commodity traffic, from points in Buffalo-Pittsburgh Territory to points in Florida on and south of the Jacksonville-Lake City-Live Oak Line, except to Jacksonville, Fla., and group, the rates are made on the Virginia Cities, the Ohio River Crossings, or the Jacksonville combination.

From Ashland, Ky., and Kenova, W. Va., the rates are made on the combination heretofore described, except that to points east of the Chattanooga-Athens-Augusta-Macon-Live Oak Line, Cincinnati rates are observed as maxima.

The rail-and-water rates from Buffalo-Pittsburgh Territory are made the same as the all-rail rates.

(*h*) *From Potomac Gateways*

The rates from Alexandria, Va., and Washington, D. C., are the same as the rail-and-water rates from Baltimore, not exceeding the actual combination on the Virginia Cities.

From Hagerstown, Md., Shenandoah Junction, W. Va., Strasburg, Va., Charlestown, W. Va., and Fredericks-

[4]See Map 5. Atlas of Traffic Maps.

burg, Va., the rates are the same as those currently in effect from Alexandria and Harrisonburg, Va. To points between Harrisonburg and Strasburg and points between Harrisonburg and Elkton, Va., including Elkton, the rates are the same as those from Strasburg.

(*i*) *From Virginia Cities and Points Related Thereto*

From the Virginia Cities to common and base points other than the coast points, the rates are made in relation to those from Baltimore. To some destinations the rates are made on fixed differentials under the Baltimore rail-and-water rates. In other cases, the rates are the same as those from that city. The hinging of one destination on another, however, results in making a very considerable difference between the Virginia Cities rates and the Baltimore rail-and-water rates.

In the sense that some of the rates from the Virginia Cities are measured by the corresponding rates from the South Atlantic Ports, there is a relationship between the two sections, but it is not defined, as in the case of the Virginia Cities v. Baltimore, and has not the effect of a mechanical change occurring from the Virginia Cities when a rate is changed from the South Atlantic Ports.

From Staunton, Waynesboro, Basic, Buena Vista, Buchanan, Lexington, Glasgow, Springwood, and Charlottesville, W. Va., the rates are made the following differentials higher than the rates from Richmond, Va.:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials....	8	6	5	4	3	3	3	3	3	3	4	4	6

From Hampton, Newport News, Old Point Comfort, Phoebus, and Suffolk, Va., to Chattanooga, Birmingham, Montgomery, and Selma, the rates are the same

TABLE 43

Class Rates from Richmond, Va., to Points in Carolina Territory

From Richmond, Va., to	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[1]
Henderson, N. C.	61	51	42	32	28	21	17	22	21	18	28	32	42
Littleton, N. C.[3]	61	51	42	32	28	21	17	22	21	17	28	31	42
Weldon, N. C.	55	46	39	29	26	19	16	20	16	14	26	25	30
Raleigh, N. C. Cary, N. C. Durham, N. C. Hester, N. C.[3] Oxford, N. C. Apex, N. C. Carpenter, N. C.[3]	61	51	42	32	28	21	17	22	21	18	28	32	42
Varina, N. C.	68	58	48	38	33	25	18	24	23	20	33	38	46
Holly Springs, N. C.[3]	75	65	54	42	37	29	20	26	25	22	37	41	50
Washington, N. C.	45	35	30	25	20	15	15	15	13	10	20	20	22
Plymouth, N. C.	45	35	30	25	20	15	15	15	12	10	20	20	22
Pinetown, N. C.[3]	65	54	46	38	31	24	24	24	22	20	31	33	37
Henrietta, N. C.	84	74	64	52	43	37	24	32	28	25	45	53	55
Wilson, N. C.	61	51	42	32	28	21	17	22	21	18	28	32	42
Simpson, N. C.[3] Greenville, N. C.	61	51	42	32	28	21	17	22	20	17	28	25	39
Farmville, N. C. Arthur, N. C.[3]	61	51	42	32	28	21	17	22	21	17	28	32	42
Stantonville, N. C.[3]	61	51	42	32	28	21	17	22	21	18	28	32	42
New Bern, N. C.	46	36	30	26	21	17	17	16½	15	11	21	22	24
Vanceboro, N. C.[3]	61	51	42	32	28	21	19	22	21	17	28	32	35
Kinston, N. C.	61	51	42	32	28	21	17	22	21	18	28	32	42
Tuscaroro, N. C.[3]	61	51	42	32	28	21	17	22	21	17	28	32	42
Goldsboro, N. C. LaGrange, N. C.[3] Selma, N. C.	61	51	42	32	28	21	17	22	21	18	28	32	42
Allendale, S. C. Robbins, S. C.	85	79	64	52	43	37	24	33	28	27	44	47	50
Columbia, S. C.	76	64	59	50	41	34	18	27	24	20	36	48	44
Denmark, S. C.	85	75	62	50	41	34	24	29	28	24	44	47	50
Greenwood, S. C.	84	79	64	52	43	40	24	34	28	27	45	55	55
Newberry, S. C.	84	79	64	52	43	40	24	34	28	27	43	55	54
Prosperity, S. C.	84	79	64	52	43	40	24	34	28	27	41	55	54
Hilton, S. C.[3]	84	79	64	52	43	40	24	34	28	27	45	55	54
Cross Hill, S. C.[3] Clinton, S. C. Gary, S. C.[3]	84	79	64	52	43	40	24	34	28	27	45	55	55
Forest City, N. C.	84	74	64	52	43	37	24	32	28	25	45	53	55
Chesnee, S. C.[3] Spartanburg, S. C.	84	79	64	52	43	40	24	34	28	27	45	55	55
Chester, S. C.	80	70	60	50	40	32	22	28	28	25	41	47	50
Camden, S. C.	82	72	62	50	40	32	23	29	28	23	43	47	50
Blaney, S. C.[3]	85	75	62	50	41	34	24	29	28	24	44	47	50
Charleston, S. C.	65	55	48	40	30	25	20	20	17	17	30	30	30

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]Intermediate points.

as those currently in effect from Norfolk, Va. From stations on the Southern Railway between Lynchburg and Charlottesville and stations on the Norfolk and Western Railway between Roanoke and Basic, the rates are made the following differentials over the Virginia Cities rates:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials....	8	6	5	4	3	3	3	3	3	3	4	4	6

The rates so made are not to exceed the rates from Hagerstown, Md.

In Table 43 are given some representative class rates from Richmond, Va.

(j) *From Carolina Territory*

To common and basing points, as well as to intermediate points, in this territory, the general basis is the lowest available combination, except that, where applicable, mileage scales are not exceeded, nor are the rates greater than those from the Virginia Cities in any instance.

2. Application of the Bases

Illustrative of the adjustments set forth, the following method of constructing the rates from the Eastern Cities to Bennettsville, S. C., is typical of the general procedure. The through rates from New York City via all water to Norfolk, Va., and via rail from Norfolk to Bennettsville are constructed by adding to the rates from Norfolk to Bennettsville the following line of proportional rates from New York to Norfolk:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates from Norfolk to Bennettsville	80	70	60	50	40	32	22	28	25	22	41	47	50
Rates from New York to Norfolk	18	17	14	10	10	7	9	8½	11	9	10½	13	16
Through rates from New York to Bennettsville	98	87	74	60	50	39	31	36½	36	31	51½	60	66

Bennettsville being located in a territory to which Philadelphia is not conceded differentials, the rates from Philadelphia to Bennettsville are made the same as the New York rates to that point.

The through rates from Baltimore to Bennettsville are constructed by deducting the following differentials from the New York rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates from New York to Bennettsville	98	87	74	60	50	39	31	36½	36	31	51½	60	66
Differentials	6	6	6	4	4	4	4	4	4	4	4	4	8
Through rates from Baltimore to Bennettsville	92	81	68	56	46	35	27	32½	32	27	47½	56	58

In Carolina Territory, the rates from Boston to Bennettsville are made the following differentials over the New York rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates from New York to Bennettsville	98	87	74	60	50	39	31	36½	36	31	51½	60	60
Differentials	5	5	5	5	5	5	5	5	5	5	5	5	7
Through rates from Boston to Bennettsville	103	92	79	65	55	44	36	41½	41	36	56½	65	67

These rates, as will be observed from the local rates of the water carriers from the various ports to Norfolk, shown in Table 24, are less in all instances than the combinations of local rates on the ports.

3. All-Rail Rates from the Eastern Port Cities

The rates via the all-rail routes from the Eastern Port Cities, viz., New York, Philadelphia, Baltimore, Boston, etc., are made on the following basis:

To Chattanooga, Tenn., and points west of the Alabama Great Southern Railroad, the same rates as those in effect via the water-and-rail routes are applied.

To points on and east of the Alabama Great Southern Railroad, except Chattanooga, Tenn., via all-rail routes, the rates are made the following differentials higher than the corresponding water-and-rail rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	12	10	9	8	6	5	5	5	5	5	6	8	10

4. Commodity Rates

In Table 44 are given some commodity rates applying upon articles which have a general movement from the adjoining territories to points in the southeast.

In so far as practicable the adjustments employed in establishing class rates are adhered to in the construction of commodity rates; that is, rates to points which are differentially adjusted with relation to base points, such as Atlanta, Augusta, or Montgomery, are made by adding the corresponding class differential to the rates to the base point to obtain the through rate. Thus, should the difference, or differential, between two points on fifth class be 2 cents per 100 pounds and a commodity rate was established to the base point, which would, under ordinary circumstances, take fifth class, the fifth-class differential would be added to the rate established to the base point in order to make the through rate to the point basing thereon.

TABLE 44

All-Rail Commodity Rates from Boston, Mass., to Points in Southeastern Territory

Commodities / From Boston, Mass., To	Agricultural Implements, C. L.	Bagging, rated Class A, any quantity	Cement (Natural or Portland), C. L.	Food Preparations, Cereal, C. L.	Oranges, Lemons, Limes, and Grape Fruit, C. L.	Machinery, C. L.	Paper (Printing), C. L.	Soap and Soap Powders, any quantity	Starch, C. L.	Sugar, C. L.	Sugar, L. C. L.	Wool, C. L.
Albany, Ga.	..	37	32	38	61	50	..	34	41	39	42	..
Americus, Ga.	..	37	32	38	61	..	..	34	41	39	42	..
Athens, Ga.	43	37	32	38	61	50	..	35	41	39	42	73
Atlanta, Ga.	43	37	32	38	61	50	46	35	41	39	42	73
Augusta, Ga.	40	25	32	38	56	50	..	33	36	33	33	..
Bainbridge, Ga.	..	..	27	38	61	..	..	34	41	39	42	..
Birmingham, Ala.	..	39	32	43	61	49	..	40	41	36	39	..
Cartersville, Ga.	43	39	32	38	61	50	..	35	41	39	42	..
Columbus, Ga.	43	37	32	38	61	50	..	35	41	39	42	73
Chattanooga, Tenn.	..	34	27	33	55	50	..	30	36	30	33	..
Cordele, Ga.	..	..	32	38	61	50	..	34	41	39	42	..
Cordova, Ala.	..	..	..	44	..	50	..	46	48	44	47	..
Dawson, Ga.	..	..	32	38	61	50	..	35	41	39	42	..
Demopolis, Ala.	..	..	38	43	69	50	..	40	45	40	43	..
Eufaula, Ala.	..	37	32	38	61	50	..	35	41	39	42	..
Florala, Ala.	..	..	..	53	84	..	..	52	..	..	51	..
Fort Gaines, Ga.	..	..	32	43	61	..	..	40	..	39	42	..
Gadsden, Ala.	48	39	32	43	61	50	..	40	41	36	39	..
Gainesville, Ga.	48	42	32	43	66	50	..	40	41	44	47	..
Hawkinsville, Ga.	..	35	30	37	60	..	..	34	40	39	42	..
Huntsville, Ala.	..	..	27	38	57	49	..	35	..	30	33	..
Jasper, Ala.	..	..	..	41	..	..	..	46	48	44	47	..
Macon, Ga.	44	35	30	37	60	50	..	34	40	39	42	..
Mobile, Ala.	..	..	30½	..	..	..	..	..	..	..	..	..
Montgomery, Ala.	44	39	32	39	61	50	..	36	41	36	39	..
Opelika, Ala.	44	37	32	39	61	50	..	36	41	39	42	..
Pensacola, Fla.	..	..	..	..	..	..	..	..	..	..	..	..
Rome, Ga.	43	39	32	38	61	50	..	35	41	39	42	..
Savannah, Ga.	..	..	..	..	..	47	50[2]	..	..	..	..	..
Selma, Ala.	44	39	32	39	61	50	..	36	41	36	39	..
Tuscaloosa, Ala.	..	..	31	52	..	54	..	57	57	57	60	..
Valdosta, Ga.	..	..	32	38	61	..	..	34	41	39	42	..
Waycross, Ga.	39	..	..	..	61	..	..	34	41	..	..	..
Carrollton, Ga.	51	42	..	46	..	50	..	43	49	49	49	84

[1]Governed by the Southern Classification
[2]L. C. L.

It is an undisputed fact that competition in articles that are given commodity rates is felt to a greater extent than in articles given class rates and this is practically the only reason for the establishment of commodity rates. The class rates under which the traffic would ordinarily be handled are too high to stimulate its movement and, as a result, the consumers purchase at the nearest market, where the most advantageous price and transportation costs can be secured. Sugar, for example, is a staple article, which is used in quantities in every household throughout the land. In addition to our own local supply produced in the southern states, cane sugar is imported in immense quantities from the West Indies, Central America, and South America, through the ports of New York and New Orleans. Immense warehouses are located at these ports, from which the sugar is distributed as the occasion demands. At Chicago, St. Louis, Cincinnati, and other inland cities large jobbing houses specialize in this commodity.

While it is no more than just that producing centers should preserve the advantage of their location and reap the benefits thereof, the fact that so much of Southern Territory is accessible by means of water routes has resulted in the eastern markets, such as New York, Philadelphia, and Boston, reaching some parts of this territory on more advantageous terms than can New Orleans or Mobile, although the latter points are located in the territory and the haul to all points is considerably less.

Thus, we find a local producing center competing for the trade supremacy of this district, in so far as this commodity is concerned, with an importer located at some distance from the territory. To confine the trade to these two competitors would be manifestly unfair in so

far as the jobbers of the Middle West are concerned and accordingly they are admitted to the territory on practically the same terms. The lines serving these outside markets well realize that the dealers they are serving are selling in competition with the home product and therefore make their rates as low as possible in order to enable such dealers to meet the price made on the local product. If the dealers in the South could buy the product more advantageously in the South, it necessarily follows that not a pound of sugar would move from the northern markets.

5. Differential Rates via Gulf Routes

To all destinations on and east of a line drawn from Chattanooga, Tenn., through Birmingham, Calera, Selma, and Montgomery, Ala., to Pensacola, Fla., the rates are made the following differentials less than the standard water-and-rail rates:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials....	5	4	3	2	2	2	2	2	2	2	2	2	4

6. Fourth Section Orders

As the adjustments from this territory are largely premised upon the rates established from New York, in those cases where an order of the Interstate Commerce Commission has been entered as to the rates from New York (see Appendix B), the order automatically affects the rates from such points as base thereon.

CHAPTER XII

SOUTHEASTERN TERRITORY—Continued

1. Western Rate Adjustments

A comparison of the adjustments discussed in this chapter with those employed from the Eastern Port Cities affords an effective illustration of the competition of producing centers. The manufacturers and jobbers located in the Middle West are in competition for the trade in Southeastern Territory with the merchants of Boston, New York, Philadelphia, and Baltimore. As these latter cities have the advantage of location, having access to the cheaper all-water or rail-and-water routes, unless the advantage was minimized in some way, western manufacturers and jobbers would be handicapped to an extent that they could not overcome.

(*a*) *Ohio River Adjustment*

As Louisville, Ky., is the initial point in fixing the rates from the other Ohio River Crossings and from the Mississippi River Crossings, on which are hinged the rates from the territory lying north, northwest, and west thereof, the present discussion will be confined to the rates from that point.

Baltimore v. Louisville.—Under the system of constructive distances, as before stated, the haul of the

rail-and-water routes from Baltimore via the South Atlantic Ports to Atlanta is approximately the same as the rail distance from Louisville to Atlanta. On this principle, it inevitably came about that the competitive rates from Baltimore via rail-and-water routes to Atlanta were made the same as the rates from Louisville to Atlanta, and vice versa. Atlanta's inbound adjustment from the East and from the West is today fixed under this principle.

This adjustment has included the numbered classes and most of the commodities. Practically all of the commodities of the lower classes are essentially western products, that is, products which, although not necessarily peculiar to the central West, are produced in far greater volume there than in the East, and which find the lines of least resistance in reaching the southeast over western lines.

In Table 45 are given the class rates applicable from Louisville to the more important base points in Southeastern Territory.

In this adjustment, the possibility of the middle western merchant taking advantage of the ocean rates must be taken into account. For years, Pittsburgh, Chicago, and related points have shipped via eastern ports to southeastern points. An extreme illustration of this competition is found in the rail rates from Cincinnati to Augusta, Ga., which are influenced to some extent by the ability of the Cincinnati merchants to ship to Baltimore by rail, thence by ocean to Savannah, and thence by river to Augusta. Partly as a result of this and partly as a result of the influence of the all-water rates to Augusta from the Eastern Port Cities, the rail rates from Cincinnati and other western points to Atlanta and Augusta are relatively adjusted. The rates to Augusta are on a slightly higher basis than those to

TABLE 45

Class Rates from Louisville, Ky., to Southern Common Points

From Louisville, Ky., To	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Albany, Ga	123	107	96	78	65	52	37	42	33	29	60	60	58
Anniston, Ala	98	87	78	63	52	41	28	36	28	24	48	45	48
Atlanta, Ga	98	87	78	63	52	41	28	36	28	24	48	48	48
Augusta, Ga	103	90	81	65	54	43	28	38	30	26	50	50	52
Bainbridge, Ga	132	112	98	82	68	55	40	44	33	29	61	69	57
Birmingham, Ala	79	69	58	47	40	30	28	34	26	22	39	39	44
Bremen, Ga	128	113	102	84	70	55	42	48	35½	30½	66	69	63
Brunswick, Ga	95	80	75	70	58	46	35	38	29	25	40	40	50
Calera, Ala	100	80	60	57	53	47	43	51	36	25	52	52	66
Chattanooga, Tenn	70	60	53	44	38	29	20	29	25	21	34	39	42
Columbia, Ala	132	115	98	83	70	55	40	44	33	29	65	66	57
Columbus, Ga	103	90	81	65	54	43	28	38	30	26	50	50	52
Cordova, Ala	79	69	58	47	40	30	28	34	26	22	39	39	44
Cuthbert, Ga	128	112	100	82	68	55	40	47	36	31	63	64	64
Dalton, Ga	97	84	75	63	52	41	28	36	28	24	48	48	48
Dothan, Ala	136	116	102	86	71	58	43	47	36	31	65	73	63
Eufaula, Ala	103	90	81	65	54	43	28	38	30	26	50	50	52
Fitzgerald, Ga	143	124	110	90	74	59	44	45	35	31	70	70	62
Florala, Ala	115	92	78	66	62	59	60	64	44	31	61	61	80
Florence, Ala	79	69	58	47	40	30	23	29	25	21	34	33	42
Ft. Gaines, Ga	115	101	91	75	63	51	36	46	34	30	60	60	60
Ft. Valley, Ga	128	112	100	83	68	55	40	47	36	31	64	64	64
Griffin, Ga	125	111	100	83	68	53	40	48	33	29	64	68	58
Hawkinsville, Ga	123	107	96	78	65	52	37	42	33	29	60	60	58
LaGrange, Ga	134	119	107	88	72	56	42	51	37½	33	68	73	67
Jacksonville, Fla	95	80	75	70	58	46	35	38	29	25	40	40	50
Macon, Ga	103	90	81	65	54	43	28	38	30	26	50	50	52
Maplesville, Ala	111	100	86	78	67	49	43	47	33½	32	61	56	66
Marietta, Ga	106	87	78	63	58	50	38	46	35	27	54	54	62
Milledgeville, Ga	110	96	87	70	58	46	30	40	32	28	54	54	56
Montgomery, Ala	98	87	78	62	50	41	28	34	26	22	44	39	44
Moultrie, Ga	143	124	110	90	74	59	94	45	35	31	70	70	62
Mulga, Ala	97	84	70	57	48	36	34	40	32	27	47	49	56
Newnan, Ga	125	111	100	83	68	53	40	48	36	31½	64	68	64½
Port Royal, S. C	95	80	75	70	58	46	35	38	29	25	40	40	50
Prattville, Ala	110	97	86	70	58	49	33	39	31	27	49	44	54
River Jct., Fla	120	96	72	69	65	62	39	55	37	31	64	64	66
Roanoke, Ala	125	111	100	83	68	53	39	48	33	29	64	68	68
Rome, Ga	98	87	78	63	52	41	28	36	28	24	48	48	48
Savannah, Ga	95	80	75	70	58	46	35	38	29	25	40	40	50
Tuscaloosa, Ala	108	94	79	64	55	42	31	40	31	25	52	39	54
Waycross, Ga	135	116	107	90	74	59	44	45	35	31	63	69	62
West Point, Ga	131	116	105	85	67	52	37	47	34	29½	68	70	60½
Wetumpka, Ala	108	97	88	67	55	46	33	39	31	27	49	44	54
Wilmington, N. C	82	68	53	41	32	25	23	27	23	21	26	35	46

[1]Governed by the Southern Classification.
[2]Per barrel.

Atlanta, although the route to Augusta through Atlanta is 170 miles longer than to Atlanta.

That this low combination of rail-and-water rates from the West to Augusta is possible is due to the fact that the rail lines from Cincinnati and other western points to eastern ports are able to make relatively low rates as measured by distance because of the denseness of the traffic and the influence of the lake-and-canal rates to all Trunk Line ports. Here we have the influence of the Great Lakes shown as far south as Augusta.

As is well known, the rates from all points north of the Ohio River and east of the Mississippi River to the ports of Boston, New York, Philadelphia, Baltimore, Norfolk, and Newport News are based on the rates from Chicago to New York, which rates are controlled by the Great Lakes and the Erie Canal. The ports south of Norfolk, however, do an export business, Mobile and New Orleans being in active competition with the North Atlantic Ports for the export grain business of the West. As they have a longer ocean voyage to the European ports, it is necessary for the roads serving them to make rates even below the rates to the North Atlantic Ports. Favored by down grade and no mountain barriers, they have been able to do this. Mr. James J. Hill expressed this advantage of the Gulf ports very graphically when he said on one occasion: "You can kick a barrel of flour at Minneapolis and it will roll to New Orleans."

The basis under which the rates in Table 45 are established in the first instance is indicated in the bases for rates given in Table 46. This basis varies, in some few instances, from the current rates, which may be attributed to the same causes as affect the Eastern Cities adjustment.

TABLE 46

Bases for Class Rates from Louisville, Ky., to Points in Southeastern Territory

From Louisville, Ky., to the Following Base Points	Differentials in Cents per 100 Pounds Except as Noted													Remarks
	Classes[1]													
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]	
Adel, Ga.	3	3	2	2	2	2	2	4	2	2	4	4	4	Over Valdosta, Ga., rates
Albany, Ga.	20	17	15	13	11	9	9	4	3	3	10	10	6	Over Macon, Ga., rates
Andalusia, Ala.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 1
Arlington, Ga.	42	38	34	31	25	19	19	14	8	7	24	28	14	Over Eufaula, Ala., rates for beyond; see Note 2
Bainbridge, Ga.	34	25	20	20	18	14	12	10	7	7	17	30	13	Over Montgomery, Ala., rates
Birmingham, Ala.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 3
Bremen, Ga.	..	..	..	..	..	..	..	12	5	5	..	..	10	Over Atlanta, Ga., rates; see Note 4
Calera, Ala.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 1
Carrollton, Ga.	12	11	10	9	9	8	8	8	4	4	12	15	8	Over Atlanta, Ga., rates
Chattanooga, Tenn.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 5
Columbia, Ala.	29	25	17	18	16	12	12	6	3	3	15	16	5	Over Eufaula, Ala., rates
Cordova, Ala.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 6
Cuthbert, Ga.	25	22	19	17	14	12	12	9	6	5	13	14	12	Over Eufaula, Ala., rates for beyond
Dalton, Ga.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 7
Demopolis, Ala.	5	4	4	3	3	2	2	2	1	1	2	2	2	Over Selma, Ala., rates
Dothan, Ala.	4	4	4	4	3	3	3	3	3	2	4	4	6	Over Bainbridge, Ga., rates
Elberton, Ga.	14	13	11	10	8	7	4	5	4	4	6	6	8	Over Augusta, Ga., rates; see Note 8
Fitzgerald, Ga.	20	17	14	12	9	7	7	3	2	2	10	10	4	Over Albany, Ga., rates
Florence, Ala.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 9
Fort Gaines, Ga.	12	11	10	10	9	8	8	8	4	4	10	10	8	Over Eufaula, Ala., rates
Fort Valley, Ga.	25	22	19	18	14	12	12	9	6	5	14	14	12	Over Macon, Ga., rates; see Note 2
Georgetown, S. C.	15	14	12	10	8	7	3	6	5	4	6	6	8	Over Charleston, S. C., rates; see Note 10
Griffin, Ga.	22	21	19	18	14	10	12	10	3	3	14	18	6	Over Macon, Ga., rates; see Note 2
Macon, Ga.	5	3	3	2	2	2	0	2	2	2	2	2	4	Over Atlanta, Ga., rates
Maplesville, Ala.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 11
Marietta, Ga.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 12
Milledgeville, Ga.	..	..	..	..	..	..	2	2	2	2	..	..	4	See Note 13
Montgomery, Ala.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 14
Moultrie, Ga.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 15
Mulga, Ala.	18	15	12	10	8	6	6	6	6	5	8	10	12	Over Bessemer, Ala., rates; see Note 2
Newnan, Ga.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 16
Piedmont, Ala.	..	..	..	..	..	..	..	5	5	5	..	..	5	Over Anniston, Ala., rates
Prattville, Ala.	12	10	8	8	8	8	5	5	5	5	5	5	10	Over Montgomery, Ala., rates
River Jct., Fla.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 17
Roanoke, Ala.	22	21	19	18	14	10	11	10	3	3	14	18	6	Over Opelika, Ala., rates; see Note 2
Silver Creek, Ga.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 18
South Atlantic Ports	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 19
Tuscaloosa, Ala.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 20
Union Springs, Ala.	33	26	21	20	18	14	13	9	6	5	18	13	11	Over Eufaula, Ala. rates; see Note 21
Waycross, Ga.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 22
West Point, Ga.	..	..	..	..	..	..	..	..	..	..	..	..	..	See Note 23
Wetumpka, Ala.	10	10	10	5	5	5	5	5	5	5	5	5	10	Over Montgomery, Ala., rates

[1]Governed by the Southern Classification
[2]Per barrel.

NOTE 1.—From Louisville and Cincinnati the rates are not made higher than the lowest combination and not higher than the local rates of the Louisville & Nashville Railroad, observing the Montgomery differentials as between Louisville and Cincinnati interchangeably, the totals thus made being not less than the rates to Montgomery. The rates on Classes A and B to Andalusia and on B and D to Florala are now at a variance with this basis and are subject to revision.

NOTE 2.—The lowest combination is observed as maximum.

NOTE 3.—The rates to Birmingham are made the same as those from Memphis in line with the Chattanooga rates as the latter existed prior to September 1, 1888, but not higher than the Montgomery rates. The rates from Louisville are made 4 cents per 100 pounds higher than the rates from Memphis.

NOTE 4.—On Classes B, C, D, and F the rates are 12 cents, 5 cents, 5 cents, and 10 cents, respectively, higher than the Atlanta rates. The rates on other classes are made on the lowest combination.

NOTE 5.—The rates originally were made the same per mile as those to Atlanta, except that on Classes 4, 5, 6, and H the rates were not higher than those to Birmingham. An order by the Interstate Commerce Commission to reduce the numbered class rates to the extent of 6 cents, 5 cents, 4 cents, 3 cents, 2 cents, and 1 cent on the respective classes became effective July 15, 1910.

NOTE 6.—The rates are made the Birmingham differentials higher than the Memphis rates, but are not in excess of the lowest combination. The Birmingham rates are observed as maximum.

NOTE 7.—The rates are made the same as those to Atlanta, but do not exceed the Chattanooga combination.

NOTE 8.—The rates so arrived at are not higher than the Virginia Cities combination, applying the Carolina base rates to the Virginia Cities.

NOTE 9.—The initiative point here is Memphis, the rates from which, while primarily the local rates of the Southern Railway, cover also the competitive conditions found at destination. The rates from Nashville are made the same as those from Memphis, except that on Classes B, C, D, and F the rates are 2 cents per 100 pounds, or 4 cents per barrel, less than the Memphis rates. The rates from Louisville are made the following differentials higher than the rates from Nashville:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	35	27	25	21	18	13	8	0	0	0	12	5	0

On Classes B, C, D, and F the rates are made 4 cents per 100 pounds, or 8 cents per barrel, higher than the Memphis rates. The rates from St. Louis are made the following differentials higher than the rates from Louisville:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	23	19	17	12	10	8	7	8	7	5	8	10	14

NOTE 10.—The rates so made do not exceed the lowest combination, including combinations on Richmond, Va., using the Carolina base rates thereto.

NOTE 11.—From St. Louis and Cairo the rates are not higher than the lowest combination or higher than the rates of the Mobile & Ohio Railroad to Adams, Ala., or higher than the Montgomery differentials as between St. Louis and Cairo interchangeably. The rates from Louisville are made the same as the rates from Cairo.

NOTE 12.—The rates are made the same as the local rates of the Louisville & Nashville Railroad, but not in excess of combinations, or lower than the rates to Atlanta.

NOTE 13.—The rates are made 107 per cent of the rates to Macon, Ga., with maximum differentials above Macon of the following amounts on the classes indicated:

Classes.....	A	B	C	D	F
Differentials..	2	2	2	2	4

NOTE 14.—Generally speaking, the rates are made with respect to the competition via Mobile and the Alabama River, but also in fair relation with the rates from the East to Montgomery and again measured by a comparison of Montgomery with other southeastern common points.

NOTE 15.—The rates are made the same as those to Tifton, Ga., but are not to exceed the lowest combination.

NOTE 16.—On Classes C, D, and F and on specific commodities the rates are made by adding arbitrary figures (less than the locals) to the rates to Macon, Columbus, or Atlanta, as the case may be. All other rates are made on the basis of the lowest combination.

NOTE 17.—The rates are made the same as those to the other landings on the Apalachicola and Chattahoochie rivers, but not exceeding the local rates of the Louisville & Nashville Railroad or the lowest combinations and observing the Montgomery differentials as between Louisville and Cincinnati interchangeably.

NOTE 18.—On Classes C, D, and F the rates are the same as those to Rome, Ga. Other class and commodity rates are made on the basis of the lowest combination.

NOTE 19.—The rates on the numbered classes and on Classes B, E, and H are calculated by adding the rates from Chicago to New York to the steamer rates from that port to Charleston and from such aggregates are deducted the rates from Chicago to Louisville, the balance being the rates from Louisville. The rates on Classes C, D, and F are to figured permit the movement from the Ohio River as against the movement from competing markets in the north by rail to the North Atlantic Ports and thence by steamer. The rates on Class A are arbitrarily fixed. Most of the commodity rates are established under similar conditions.

NOTE 20.—From Cincinnati the rates on the numbered classes are fixed under the local bases of the Cincinnati, New Orleans & Texas Pacific Railway and the Alabama Great Southern Railroad. The rates on the lettered classes are made the same as the rates from St. Louis. From St. Louis the rates on the numbered classes are the same as the rates from Cincinnati. The rates on the lettered classes are the same as the rates from St. Louis to Montgomery. From Louisville, the rates are made the Montgomery differentials less than the Cincinnati rates; from Cairo and group the rates are made the following differentials less than the rates from St. Louis:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials.....	15	12	10	8	7	6	4	5	5	5	5	10	10

NOTE 21.—The rates so made do not exceed the lowest combination on Columbus, Eufaula, or Montgomery.

NOTE 22.—The rates are made on the Brunswick combination, but are not to exceed the rates to Valdosta, Ga.

NOTE 23.—On specific articles the rates are made fixed arbitraries higher than the Opelika, Ala., rates. Other rates are made on the lowest combination.

As a great number of points take the same basis for rate construction as do those indicated in Table 46, it has seemed desirable to arrange these points alphabetically in a separate table rather than to include them in Table 46. A list of these points and the base rates to apply in each case are indicated in Table 47.

TABLE 47

OTHER COMMON POINTS TAKING THE SAME BASES OF RATES AS THOSE TO POINTS SHOWN IN TABLE 45

FROM LOUISVILLE, KY., TO		APPLY SAME RATES AS SHOWN IN TABLE 45 TO	
Alabama City	Ala.	Anniston	Ala.
Americus	Ga.	Albany	Ga.
Anniston	Ala.	(See Note 1)	
Asylum	Ga.	Milledgeville	Ga.
Athens	"	Augusta	"
Attalla	Ala.	Anniston	Ala.
Augusta	Ga.	Macon	Ga.
Avondale	Ala.	Birmingham	Ala.
Barclays	"	Anniston	"
Bessemer	"	Birmingham	"
Boyles	"	"	"
Cartersville	Ga.	Rome	Ga.
Cedartown	"	"	"
Chattahoochee	"	Atlanta	"
Columbiana	Ala.	(See Note 2)	
Columbus	Ga.	Macon	Ga.
Cordele	"	Americus	"
Dawson	"	Albany	"
Decatur	Ala.	Florence	Ala.
Dublin	Ga.	Hawkinsville	Ga.
East Birmingham	Ala.	Birmingham	Ala
East Point	Ga.	Atlanta	Ga.
Eufaula	Ala.	Macon	"
Ft. McPherson	Ga.	Atlanta	"
Gadsden	Ala.	Anniston	Ala.
Gate City	"	Birmingham	"

TABLE 47—Continued

Other Common Points Taking the Same Bases of Rates as Those to Points Shown in Table 45

From Louisville, Ky., to	Apply Same Rates as Shown in Table 45 to
Girard ..... Ala.	Columbus ..... Ga.
Grasselli ..... "	Birmingham ..... Ala.
Hawkinsville ..... Ga.	(See Note 3)
Helena ..... "	(See Note 4)
Hapeville ..... "	Atlanta ..... Ga.
Huntsville ..... Ala.	Florence ..... Ala.
Irondale ..... "	Birmingham ..... "
Ironaton ..... "	Anniston ..... "
Jasper ..... "	(See Note 5)
Jenifer ..... "	Anniston ..... Ala.
LaGrange ..... Ga.	(See Note 6)
Lanette ..... Ala.	West Point ..... Ga.
Lockhart ..... "	Florala ..... Ala.
McRae ..... Ga.	(See Note 7)
Montezuma ..... "	(See Note 8)
North Birmingham ..... Ala.	Birmingham ..... Ala.
New Decatur ..... "	Florence ..... "
Opelika ..... "	Columbus ..... Ga.
Oxford ..... "	Anniston ..... Ala.
Oxmoor ..... Ala.	Birmingham ..... "
Ozark ..... "	(See Note 9)
Paxton ..... Fla.	Florala ..... Ala.
Phoenix City ..... Ala.	Columbus ..... Ga.
Pratt City ..... "	Birmingham ..... Ala.
Quitman ..... Ga.	(See Note 10)
Rome ..... "	Atlanta ..... Ga.
Ruffner ..... Ala.	Birmingham ..... Ala.
Samson ..... "	Florala ..... "
Selma ..... "	Montgomery ..... "
Sheffield ..... "	Florence ..... "
South Athens ..... Ga.	Augusta ..... Ga.
Spocari ..... Ala.	(See Note 11)
Talladega ..... "	Anniston ..... Ala.
Thomas ..... "	Birmingham ..... "
Thomasville ..... Ga.	(See Note 12)
Troy ..... Ala.	(See Note 9)
Tuscumbia ..... "	Florence ..... Ala.
Valdosta ..... Ga.	(See Note 12)
Washington ..... "	Elberton ..... Ga.
Wheeling ..... Ala.	Birmingham ..... Ala.
Woodlawn ..... "	" "
Woodward ..... "	" "

Note 1. The rates are made the same as those to Atlanta, Ga., except that on Class H the rates are arbitrarily made.

Note 2. From Louisville and Cincinnati the rates are made on the lowest combination, but not higher than the local rates of the Louisville &

Nashville Railroad, observing the Montgomery differentials as between Louisville and Cincinnati interchangeably.

NOTE 3. Generally, the rates are made the same as those to Americus, Ga

NOTE 4. The rates are made the same as those to Fitzgerald, Ga., but not higher than the lowest combination.

NOTE 5. The rates are made the Birmingham differentials higher than the Memphis rates but not in excess of the lowest combination, Birmingham rates being observed as maxima.

NOTE 6. The rates are made on the lowest combination. (The Interstate Commerce Commission has recently ordered rates to be made the same as those to Atlanta, but the order is not effective at the time of this publication.)

NOTE 7. The rates are made the same as those to Fitzgerald, Ga., but not higher than the lowest combination.

NOTE 8. The rates are made the following differentials higher than the rates to Macon, Ga., with the lowest combination as maximum.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	25	22	19	18	14	12	12	9	6	5	14	14	12

NOTE 9. The rates are made the following differentials over the rates to Bainbridge, Ga., but not to exceed the lowest combination.

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	4	4	4	4	3	3	3	3	3	2	4	4	6

NOTE 10. The rates are made the following differentials over the rates to Albany, Ga.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	20	17	14	12	9	7	7	3	2	2	10	10	4

NOTE 11. The rates are made the following differentials over the rates to Selma, Ala.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	5	4	4	3	3	2	2	2	1	1	2	2	2

NOTE 12. The rates are made the following differentials over the rates to Albany, Ga.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	20	17	14	12	9	7	7	3	2	2	10	10	4

Taking the route formed by the Louisville & Nashville Railroad from Louisville, Ky., to Montgomery, Ala., and the Seaboard Air Line Railway from Montgomery to Savannah, Ga., representative rates to the more important points as well as to some of the local points are indicated in their geographical order in Table 48.

TABLE 48

RATES FROM LOUISVILLE, KY., TO SAVANNAH, GA., AND INTERMEDIATE POINTS VIA THE LOUISVILLE & NASHVILLE RAILROAD TO MONTGOMERY, ALA., AND VIA THE SEABOARD AIR LINE RAILWAY FROM MONTGOMERY TO SAVANNAH, GA.

From Louisville, Ky., to	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Decatur, Ala.[3]	79	69	58	47	40	30	23	29	25	21	34	33	42
Birmingham, Ala.[3]	79	69	58	47	40	30	28	34	26	22	39	39	44
Oxmoor, Ala.[3]	79	69	58	47	40	30	28	34	26	22	39	39	44
Calera, Ala.[3]	100	80	60	57	53	47	43	51	36	25	52	52	66
Montgomery, Ala.[3]	98	87	78	62	50	41	28	34	26	22	44	39	44
Roba, Ala.[4]	150	133	122	101	85	65	50	55	41	36	76	74	74
Hurtsboro, Ala.[4]	141	121	109	88	73	59	41	54	41	36	69	73	74
Plains, Ga.[4]	143	125	112	91	76	61	46	51	38½	34	71	73	69½
Americus, Ga.[4]	123	107	96	78	65	52	37	42	33	29	60	60	58
De Soto, Ga.[4]	146	127	115	94	79	63	48	52	39	34½	74	75	70½
Cordele, Ga.[4]	123	107	96	78	65	52	37	42	33	29	60	60	58
Pitts, Ga.[4]	146	127	115	93	79	63	48	52	39	34½	74	75	70½
Helena, Ga.[4]	143	124	110	90	74	59	44	45	35	31	70	70	62
Vidalia, Ga.[4]	144	125	114	104	84	66	51	56	39	34½	66	75	70
Collins, Ga.[4]	136	118	109	100	82	64	53	53	38	33½	64	70	68
Daisy, Ga.[4]	131	113	105	96	79	62	51	52	37½	33	61	66	67½
Cuyler, Ga.[4]	120	103	95	88	73	59	48	49	36	31	55	58	64
Meldrim, Ga.[4]	118	100	94	85	72	57	46	48	35	30½	54	55	62½
Savannah, Ga.[4]	95	80	75	70	58	46	35	38	29	25	40	40	50

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]On the Louisville & Nashville Railroad.
[4]On the Seaboard Air Line Railway.

(*b*) *Rates from Louisville, Ky., and Other Base Points*

To Anniston, Ala.—The class rates to Anniston, Ala., are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	98	87	78	63	52	41	28	36	28	24	48	45	48

The foregoing rates are the same as the rates to Atlanta, Ga., except that on Class H the rates are made 3 cents less than the rates to Atlanta.

The same rates as to Anniston also apply to the following points in Alabama:

Alabama City	Gadsden	Oxford
Attalla	Ironaton	Silver Run
Barclays	Jenifer	Talladega
Curry	Munford	Trussville

To Albany, Ga.—The through class rates to Albany, Ga., are made the following differentials over the Macon, Ga., rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Macon rates	103	90	81	65	54	43	28	38	30	26	50	50	52
Differentials	20	17	15	13	11	9	9	4	3	3	10	10	6
Through rates	123	107	96	78	65	52	37	42	33	29	60	60	58

The same rates as to Albany, Ga., also apply to Americus, Cordele, and Dawson, Ga.

To Atlanta, Ga.—The class rates to Atlanta, Ga., are made the same as the rail-and-water rates from Baltimore, Md., and are on the following basis:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	98[1]	87[2]	78[1]	63[1]	52[1]	41[1]	28[1]	36[2]	28[2]	24[2]	48[1]	48[2]	48[2]

The same rates as to Atlanta also apply to the following points in Georgia:

Armour	East Point	Howell
Cartersville	Federal Prison	Lindale
Cedartown	Fort McPherson	Rome
Chattahoochee	Hapeville	Roseland (Fulton Co.)
Dalton[3]		

To Charleston, S. C.—The class rates to Charleston, S. C., are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	95	80	75	70	58	46	35	38	29	25	40	40	50

The class rates to Charleston were originally made by fixing the rates from Chicago based on the rail-and-

[1]Louisville to Montgomery.
[2]Fixed arbitrarily.
[3]Not to exceed the Chattanooga Combination.

water rates via Baltimore. The rates from the Ohio River Crossings were then made less than the rates from Chicago to the extent of the full tariff from Chicago to the Ohio River Crossings.

However, some changes have been made since the original basis was established, as, for example, in compliance with an order of the Interstate Commerce Commission, effective August 1, 1908, the rates on Class B were arbitrarily advanced 3 cents per 100 pounds; on Classes C and D, 2 cents per 100 pounds; and on Class F, 4 cents per barrel.

The class rates to Charleston from Memphis, Tenn., and Vicksburg, Miss., are the following differentials under the rates from Louisville:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates.....	4	4	4	4	4	4	4	4	4	4	4	4	8

The same rates as to Charleston also apply to the following points:

Beaufort, S. C.	Goodrich, S. C.	Port Royal, S. C.
Brunswick, Ga.	Jacksonville, Fla.	Read Phosphate Works, S. C.
Burtons Mill, S. C.	Mayport, Fla.	Savannah, Ga.
Fernandina, Fla.	Milldale, Fla. (C. L. only)	Ten Mile, S. C.
Florida Transfer, Fla. (When for beyond)		

To Birmingham, Ala.—Memphis, Tenn., is the base point for rates to Birmingham, Ala., the class rates being as follows:

Classes ..	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates ...	79	69	58	47	40	30	28	34	26	22	39	39	44

The rates from Memphis having been established, the rates from Louisville, Ky., and the Ohio River Crossings taking the same rates, are made uniformly 4 cents per 100 pounds higher than the rates from Memphis.

The same rates as to Birmingham also apply to the following points in Alabama:

[illegible]	[illegible] City	Point City
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] Junction	[illegible]	[illegible]
East Birmingham	[illegible]	[illegible]
[illegible]	North Birmingham	[illegible]
[illegible] Junction	[illegible]	[illegible]

To Chattanooga, Tenn.—Louisville, Ky., is the base point, the class rates being as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	71	[illegible]	52	44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The class rates from Memphis, Tenn., to Chattanooga, Tenn., are made the following differentials under the rates from Cairo, Ill.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials				1	2	3	4	4	4	4	4	4	8

The above basis applies from the Ohio River Crossings to Chattanooga only.

The rates from points taking Ohio River Crossings rates to points in what is known as the Chattanooga Group are the following differentials higher than the rates from the Ohio River Crossings to Chattanooga, proper:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	4	5	4	3	2	1			..	..	..	..	..

To Macon, Ga.—The through class rates to Macon, Ga., are made the following differentials over the Atlanta, Ga., rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Atlanta rates	96	87	78	53	52	41	28	36	28	24	48	48	48
Differentials	5	3	3	2	2	2	..	2	2	2	2	2	4
Through rates	101	90	81	65	54	43	28	38	30	26	50	50	52

The same rates as to Macon also apply to the following points:

Athens, Ga.	Eufaula, Ala. (proper)	Opelika, Ala.
Augusta, Ga.	Girard, Ala.	Phoenix City, Ala.
Columbus, Ga. (proper)[4]		

To Decatur, Florence, Huntsville, New Decatur, Sheffield, and Tuscumbia, Ala.—The class rates from Memphis, Tenn., to Florence, Sheffield, and Tuscumbia, Ala., are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	44	42	33	26	22	17	15	25	21	17	22	28	34

The class rates from Nashville are made the same as those from Memphis, except that on Classes B, C, D, and F the rates are 2 cents per 100 pounds, or 4 cents per barrel, less than the rates from Memphis. The rates from Nashville are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	44	42	33	26	22	17	15	23	19	15	22	28	30

The through class rates from Memphis to Decatur, New Decatur, and Huntsville are the following differentials higher than the rates from Memphis to Florence:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates from Memphis to Florence	44	42	33	26	22	17	15	25	21	17	22	28	34
Differentials	10	8	6	5	3	3	2	..	..	..	3	3	..
Through rates	54	50	39	31	25	20	17	25	21	17	25	31	34

The class rates from Nashville to Decatur, New Decatur, and Huntsville are the same as the rates from Memphis to Florence.

The class rates from Louisville and the Ohio River Crossings west thereof are the following differentials higher than the rates from Nashville, except as noted:

[4]The above basis does not apply from Cincinnati, from which point rates are made the Montgomery differentials higher than the rates from Louisville. The Montgomery differentials are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	8	7	6	4	2	2	2	4	4	4

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	35	27	25	21	18	13	8	4[1]	4[1]	4[1]	12	5	8[1]

The class rates from Cincinnati to Florence, Sheffield, Tuscumbia, Decatur, and New Decatur are made the Montgomery differentials higher than the rates to Louisville. The Montgomery differentials are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	8	7	6	4	2	2	2	4	4	4

The class rates from Cincinnati to Huntsville are the same as the rates from Louisville.

The same rates as to Decatur also apply to Guntersville, Hobbs Island, Gunters Landing, and Wyeth City, Ala.

The same rates as to Huntsville also apply to Chase, Ala.

To Demopolis, Ala.—The through class rates from Louisville, Ky., to Demopolis, Ala., are made the following differentials higher than the rates to Selma, Ala.:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Selma rates	98	87	78	62	50	41	28	34	26	22	44	39	44
Differentials	5	4	4	3	3	2	2	2	1	1	2	2	2
Through rates	103	91	82	65	53	43	30	36	27	23	46	41	46

To Milledgeville, Ga.—The class rates from Louisville, Ky., to Milledgeville are:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	110	96	87	70	58	46	30	40	32	28	54	54	56

The above rates are made 107 per cent of the rates from Louisville to Macon, with maximum differentials above the Macon rates of 2 cents on Classes A, B, C, and D, and 4 cents on Class F.

[1]Higher than the rates from Memphis.

To Tuscaloosa, Ala.—The numbered class rates from St. Louis, Mo., to Tuscaloosa, Ala., are made the same as the rates from Cincinnati, Ohio. The lettered class rates are the same as those from St. Louis to Montgomery.

The class rates from Louisville, Ky., and Jeffersonville, Ind., are made the Montgomery differentials less than the Cincinnati rates. The Montgomery differentials are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	8	7	6	4	2	2	2	4	4	4

The class rates from Evansville and Mount Vernon, Ind., and Henderson and Owensboro, Ky., are made the same as the rates from Louisville, Ky.

The class rates (except on Class H) from Cairo and Brookport, Ill., Birds Point and Belmont, Mo., and East Cairo, Columbus, Hickman, and Paducah, Ky., are made the current Mississippi Valley differentials less than the rates from St. Louis, Mo. The Mississippi Valley differentials are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	15	12	10	8	7	6	4	5	5	5	5	10	10

The class rates from Memphis, Tenn., are made 4 cents per 100 pounds less than the rates from Cairo, Ill.

(c) *Bases for Rates from Points Related to Louisville*

From Cincinnati, Ohio.—The class rates from Cincinnati, Ohio, are made the same as those from Louisville, Ky., except that to Montgomery Sub-Territory[6] the following differentials over the Louisville rates apply:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	8	7	6	4	2	2	2	4	4	4

[6]See Map 5, Atlas of Traffic Maps.

From Lexington and Frankfort, Ky.—The class rates from Lexington and Frankfort, Ky., are made the same as those from Cincinnati, Ohio, except that on Classes C, D, and F to Montgomery Sub-Territory[7] the rates are 2 cents per 100 pounds, or 4 cents per barrel, lower than the rates from Cincinnati, or in other words, the same as those from Louisville, Ky.

The rates from the following points are made the same as the rates from Louisville, Ky.:

Belmont, Mo.	East Cairo, Ky.	Mound City, Ill.
Birds Point, Mo.	Evansville, Ind.	Mount Vernon, Ind.
Brookport, Ill.	Henderson, Ky.	New Albany, Ind.
Cairo, Ill.	Hickman, Ky.	Owensboro, Ky.
Columbus, Ky.	Jeffersonville, Ind.	Paducah, Ky.

From St. Louis, Mo.—The class rates from St. Louis, Mo., are made the following differentials higher than the rates from the Ohio River Crossings:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	23	19	17	12	10	8	7	8	7	5	8	10	14

From Memphis, Tenn.—The class rates from Memphis, Tenn., are made 4 cents per 100 pounds, or 8 cents per barrel, less than the rates from Louisville, Ky., except that to points on and south of the line of the Seaboard Air Line Railway from River Junction to Fernandina, Fla., the rates are 1 cent higher than those from New Orleans, La., on sugar and molasses.

From Nashville, Tenn.—The class rates from Nashville, Tenn., are made the following differentials less than the rates from Louisville, Ky., except as noted:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	35	30	25	22	18	13	8	8	7	7	15	21	14

The rates are not to be less per mile than the rates from Louisville, Ky.

[7]See Map 5, Atlas of Traffic Maps.

From New Orleans, La.—To Attalla and Anniston, Ala., and groups, Chattanooga, Tenn., Dalton, Chambers, Chattahoochie, and Rome, Ga., the rates are the same as those to Atlanta. To Huntsville, Decatur, Florence, Sheffield, and Tuscumbia, Ala., the rates are the same as those to Chattanooga, but are not higher than the local scale of rates on the Louisville & Nashville Railroad from New Orleans to Decatur, or higher than the Memphis combination. To points on and south of the line of the Seaboard Air Line Railway from River Junction to Fernandina, Fla., the rates are made the same as those applying from Nashville, Tenn. To Birmingham and group, and Montgomery and Selma, Ala., the rates on the numbered classes are made the same as the rates from Cincinnati to Birmingham. The rates on the other classes and on all the commodities are the same as the rates from Memphis, Tenn. To all other destinations the rates are the same as those currently in effect from Memphis, Tenn.

Certain commodity rates, notably on sugar, rice, molasses, and tropical fruits, are made with regard to the rates from the Eastern Cities and the South Atlantic Ports.

From Vicksburg, Natchez, Greenville, and Jackson, Miss.—The rates are made the same as those from New Orleans, La., except that to points on and south of the Seaboard Air Line Railway from River Junction to Fernandina, Fla., inclusive, the Memphis rates are applied.

From Mobile, Ala.—To points on a line from Chattanooga through Rome and Atlanta, Ga., and Opelika, Ala., the rates are made the following differentials below the New Orleans rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	10	5	5	4	4	4	4	5	10	8

From Lexington and Frankfort, Ky.—The class rates from Lexington and Frankfort, Ky., are made the same as those from Cincinnati, Ohio, except that on Classes C, D, and F to Montgomery Sub-Territory[7] the rates are 2 cents per 100 pounds, or 4 cents per barrel, lower than the rates from Cincinnati, or in other words, the same as those from Louisville, Ky.

The rates from the following points are made the same as the rates from Louisville, Ky.:

Belmont, Mo.	East Cairo, Ky.	Mound City, Ill.
Birds Point, Mo.	Evansville, Ind.	Mount Vernon, Ind.
Brookport, Ill.	Henderson, Ky.	New Albany, Ind.
Cairo, Ill.	Hickman, Ky.	Owensboro, Ky.
Columbus, Ky.	Jeffersonville, Ind.	Paducah, Ky.

From St. Louis, Mo.—The class rates from St. Louis, Mo., are made the following differentials higher than the rates from the Ohio River Crossings:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	23	19	17	12	10	8	7	8	7	5	8	10	14

From Memphis, Tenn.—The class rates from Memphis, Tenn., are made 4 cents per 100 pounds, or 8 cents per barrel, less than the rates from Louisville, Ky., except that to points on and south of the line of the Seaboard Air Line Railway from River Junction to Fernandina, Fla., the rates are 1 cent higher than those from New Orleans, La., on sugar and molasses.

From Nashville, Tenn.—The class rates from Nashville, Tenn., are made the following differentials less than the rates from Louisville, Ky., except as noted:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	35	30	25	22	18	13	8	8	7	7	15	21	14

The rates are not to be less per mile than the rates from Louisville, Ky.

[7]See Map 5, Atlas of Traffic Maps.

From New Orleans, La.—To Attalla and Anniston, Ala., and groups, Chattanooga, Tenn., Dalton, Chambers, Chattahoochie, and Rome, Ga., the rates are the same as those to Atlanta. To Huntsville, Decatur, Florence, Sheffield, and Tuscumbia, Ala., the rates are the same as those to Chattanooga, but are not higher than the local scale of rates on the Louisville & Nashville Railroad from New Orleans to Decatur, or higher than the Memphis combination. To points on and south of the line of the Seaboard Air Line Railway from River Junction to Fernandina, Fla., the rates are made the same as those applying from Nashville, Tenn. To Birmingham and group, and Montgomery and Selma, Ala., the rates on the numbered classes are made the same as the rates from Cincinnati to Birmingham. The rates on the other classes and on all the commodities are the same as the rates from Memphis, Tenn. To all other destinations the rates are the same as those currently in effect from Memphis, Tenn.

Certain commodity rates, notably on sugar, rice, molasses, and tropical fruits, are made with regard to the rates from the Eastern Cities and the South Atlantic Ports.

From Vicksburg, Natchez, Greenville, and Jackson, Miss.—The rates are made the same as those from New Orleans, La., except that to points on and south of the Seaboard Air Line Railway from River Junction to Fernandina, Fla., inclusive, the Memphis rates are applied.

From Mobile, Ala.—To points on a line from Chattanooga through Rome and Atlanta, Ga., and Opelika, Ala., the rates are made the following differentials below the New Orleans rates:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials..	10	10	10	10	5	5	4	4	4	4	5	10	8

(e) *Adjustment from Kentucky-Tennessee Territory*

From Nashville, Tenn.—The basis has been shown under that from the Ohio River Crossings, because the relationship is so rigidly maintained.

From Clarksville (depot), Tenn.—The rates are made the following differentials higher than the rates from Nashville:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	11	11	11	6	6	4	4	4	4	4	6	6	7

From junction points generally, and from a large number of local points intermediate to the Ohio River, rates are made in close relationship to the Ohio River or to some point taking the same rates. For instance, the rates from central Kentucky junctions are made the same as the rates from Cincinnati, or from Lexington, or from Louisville, as the case may be. Some places carry such a basis with exceptions. Again, the rates from some of these points are made low differentials higher than the rates from the Ohio River. From some of the Tennessee points, the rates are made with relation to basing points within that state. For example, some of the rates from Columbia, Tenn., are made with relation to those from Nashville; rates from Knoxville are made fixed differentials over the rates from Chattanooga, and the like.

To points intermediate to the basing points, the basis is the lowest combination with continuous mileage rates, where such are applicable, as maxima.

(f) *Adjustment from Central Freight Association and Western Territories*

The basis for rates from the so-called Central Freight Association Territory is the lowest combination on the

Ohio River or the Virginia Gateways using the full rates from said basing points. In a few instances, notably from Chicago, Milwaukee, Indianapolis, and related points, there are in effect proportional rates to the Ohio River (subject to the Southern Classification) which range below the local rates thereto and which permit of the publication of through rates.

From the territory generally, however, the local rates up to the river crossings or Virginia Gateways (subject to the Official Classification) are applied both in making and dividing the rates. Through tariffs cannot readily be published because of the classification differences.

The proportional rates from some of the more important points in Central Freight Association Territory to the Ohio River Crossings are indicated in Table 49.

TABLE 49

PROPORTIONAL CLASS RATES FROM POINTS NAMED TO OHIO RIVER CROSSINGS

To Ohio River Crossings From	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Chicago.....	35	30	22	15	13	10	12	12	10	10	13	15	20
Peoria.....	35	30	22	15	13	10	12	12	10	10	13	15	20
Indianapolis.....	22	19½	17½	11	8½	7	8	8	5	6	9	9	10
Davenport.....	41	35	26	18	15	12	14	14	12	12	15	17	24
Milwaukee.....	41	35	26	18	15	12	14	14	12	12	15	17	24

[1]Governed by the Southern Classification.
[2]Per barrel.

These proportional rates are applicable to all the Ohio River Crossings, from Cairo, Ill., to Cincinnati, Ohio, inclusive, and are combined with the published rates applying from the various crossings.

2. Outbound Adjustment from Southeastern Territory

The general basis for outbound rates from Southeastern Territory to points north of the Ohio and Potomac rivers and west of the Mississippi River corresponds with the inbound basis; that is to say, the class and a few commodity rates northbound to the North Atlantic Ports, the Eastern Cities, the Virginia Cities, interior eastern points, the Ohio River Crossings, and the Mississippi River Crossings correspond with those in the reverse direction. The northbound commodity rates generally, however, do not cover the same commodities as the southbound rates, and are not to be compared therewith. While the same general relationship applies to a given destination or section as between the common points, entirely different elements enter into the considerations which determine the measure of the rates, and for this reason commodity rates in one general direction should rarely be associated with those in another.

For illustration, while the rates on an article of common production at Macon, Atlanta, Birmingham, or Chattanooga to the Ohio River are made with regard each to the other, the determining causes for the rates to the Ohio River do not, in essence, enter into those making the rates to the East. The commodity rates to the Ohio River are fixed with regard to the competition that will have to be met at the Ohio River and at points north. The rates made to Memphis, New Orleans, etc., take into account the competition that is met locally at those points, or from points west of the Mississippi River, or from points of production at or north of the Ohio River. As a rule, the rates are fixed to each of the Ohio River Crossings in due relation one to the other; that is, if a certain rate is neces-

sary to Cincinnati to cause a free movement to that point, the rates to Louisville, Evansville, and Cairo (except as noted below) are readjusted to correspond. Similarly, while under ordinary conditions the rates to the eastern territories, including the Virginia Gateways, are adjusted without particular regard to the rates made to the West, but to meet conditions found in the East, the ordinary relationship between the terminal points is maintained.

It is almost invariably the case that the rates to Central Freight Association Territory are adjusted on the lowest combination through the Ohio River Crossings. The measure of competition which is met as concerns each of the commodity rates determines whether it is necessary to establish proportional rates to the Ohio River below the full rates thereto. A great majority of the commodity rates are issued to the Ohio River proper, the same figures being charged on through traffic to destinations north, but in some cases proportional rates are established, the most notable of these being the adjustment of the cotton factory products. The rate from the great central group of southern mills to Chicago was made the same as the rate from the New England mills to Chicago. From this figure was deducted the proportional rate charged by the lines from the north bank of the Ohio River, the balance being the figure used to establish a proportional rate to the Ohio River, which is used in constructing through rates to all destinations in the north and central West.

An exception is above noted concerning the relative basis as between the Ohio River Gateways. This exception relates to the lumber and pig iron rates. In the case of the first, because of competition from the Arkansas and Louisiana mills, from which a low rate

was made to Cairo and increasing rates to each of the Ohio River Crossings above Cairo, a similar adjustment has been followed by the southern lines, which make a lower rate to Cairo than to any of the crossings, the rate increasing at each crossing above until Cincinnati is reached. The through rates to destinations north are established on the lowest combination and apply via all open routes. For the pig iron rates, designed to enable a free movement as against the northern furnaces, there is not a regular adjustment between the several crossings, either to those points proper, or in the basing rates used in constructing through rates on the lowest combination.

An important deviation from the principle of constructing rates to and from local or intermediate points as heretofore outlined is found in the rates on articles manufactured or produced at such points which are in commercial competition with those made or produced at adjacent common points. The element of market competition early led the railroads to the conclusion that the manufacturers and producers at non-competitive points could not successfully compete with those at competitive points, unless they were given rates relatively the same as those of the adjacent competitive points. A cotton factory, for example, located at a station on the Southern Railway, say between Atlanta and Macon, has its rates adjusted to be not higher than those of the competing factory at Macon when the movement is northward through Atlanta, and not higher than the rates from Atlanta when the movement is through Macon. In a broad sense, therefore, as concerns such cases, there is no variation from the long-and-short-haul principle of the Act to Regulate Commerce.

Many of the lines serving Southern Territory publish numerous commodity tariffs, among the more important of which are those applying upon cotton, cotton factory products, lumber, and domestic and tropical fruits. The number of these tariffs is being increased from year to year. The tariff publications of the various committees in this territory are very voluminous and in general cover class rates and general commodity rates.

3. Fourth Section Orders

The orders of the Interstate Commerce Commission affecting adjustments in this territory are set forth in Appendix B.

CHAPTER XIII

CAROLINA TERRITORY

1. Basic Principles

On inter-territorial traffic moving via various gateways (Virginia Cities, Paint Rock, N. C., Johnson City, Tenn., Atlanta, Athens, and Augusta, Ga., and Charleston and Columbia, S. C.) local rates are used between these gateways and stations within Carolina Territory in most instances. In some cases, however, they are the proportional rates made less than the local rates. As a rule, these rates are graded according to distance, although the competition between the various places within the territory has often brought about figures below the level of the distance tariffs of the several railroads.

Generally, the rates at intermediate points do not exceed those at points beyond; but there are exceptions in the case of places intermediate to Wilmington and other points in eastern North Carolina located on navigable waters, and at Columbia, S. C., which is affected also by water competition. The rates from the Virginia Cities to these water-competitive places are all made on a differential relation to the rates from Baltimore, which are directly affected by water competition. Also, the rates from the Virginia Cities to certain of the points intermediate to the southeastern basing points (Atlanta, Athens, Augusta, Charleston, Savannah, etc.) are made higher than the rates to said cities.

2. Adjustment from Eastern Port Cities

The rail-and-water rates from the Eastern Port Cities to Wilmington, Fayetteville, and New Bern, N. C., and Columbia, S. C., are made to meet the competition via the water lines. The rail-and-water rates from Baltimore are made differentials over the rates from the Virginia Cities, and in turn the rates from Philadelphia and New York are made differentials over the rates from Baltimore, and the rates from Boston differentials over the rates from New York. The all-rail rates to all of these destinations are then adjusted on differentials higher than the port rail-and-water rates.

3. From Interior Eastern Points East of Buffalo-Pittsburgh Territory

The all-rail rates from this territory are made as follows: From points taking the same proportions up to the Potomac Gateways, as from Boston, New York, Philadelphia, or Baltimore, respectively, the respective all-rail port rates are applied therefrom. From points taking higher proportions to the gateways than from the ports, the through rates are made as much higher than the port rates as represented by the differences in the proportions. The all-rail rates having been fixed, the rail-and-water rates are operated on differentials less than the rates via all rail.

4. From Buffalo-Pittsburgh Territory

The rates from this territory, heretofore described, are made on combinations to the various gateways, plus the established local or proportional rates south,

observing as maxima the following differentials over the corresponding all-rail rates from New York:

Classes	1	2	3	4	5	6
Differentials	15	13	11	9	7	6

The rates so constructed are operated by all-rail and rail-and-water lines alike.

TABLE 50

CLASS RATES FROM RICHMOND, VA., TO NORTH AND SOUTH CAROLINA DESTINATIONS

From Richmond, Va., To	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Clio, S. C. McColl, S. C.[3] Hubbard, S. C. Maxton, N. C. Bennettsville, N. C. Everetts, N. C.[3] Cheraw, S. C. Osborne, N. C.[3]	80	70	60	50	40	32	22	28	25	22	41	47	50
Norwood, N. C. Albemarle, N. C. Whitney, N. C.	68	58	48	38	33	25	18	24	23	20	33	38	46
Darlington, S. C. Gibson, N. C. Pembroke, N. C. Moss Neck, N. C.[3] Lumberton, N. C. Hope Mills, N. C. Alma, N. C.[3] Old Hundred, N. C.[3] Marion, S. C.	80	70	60	50	40	32	22	28	25	22	41	47	50
Wilmington, N. C.	50	40	31	26	20	15	13	13	13	11	22	23	22
Page's Mill, S. C.[3] Florence, S. C.	80	70	60	50	40	32	22	28	25	22	41	47	50
Zebulon, N. C.[3] Youngsville, N. C.[3] Henderson, N. C. Ridgeway, N. C.[3]	61	51	42	32	28	21	17	22	21	18	28	32	42

TABLE 50—Continued

CLASS RATES FROM RICHMOND, VA., TO NORTH AND SOUTH CAROLINA DESTINATIONS

FROM RICHMOND, VA., TO	RATES IN CENTS PER 100 POUNDS EXCEPT AS NOTED												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Jonesboro, N. C.													
Manley, N. C.[3]													
Aberdeen, N. C.													
Lemon Springs, N. C.[3]													
Sanford, N. C.													
Starr, N. C.	68	58	48	38	33	25	18	24	23	20	33	38	46
Hemp, N. C.[3]													
Hallison, N. C.													
Candor, N. C.[3]													
Asheboro, N. C.													
Asbury, N. C.[3]													
Newton, N. C.	80	70	60	50	41	32	22	30	27	23	43	51	53
Winston-Salem, N. C.	61	51	42	32	28	21	17	22	21	18	28	32	42
Lincolnton, N. C.	80	70	60	50	41	32	22	30	27	23	43	51	53
Mt. Holly, N. C.[3]	78	68	58	48	40	31	21	26	27	23	40	49	53
Orangeburg, S. C.	85	75	62	50	41	34	24	29	28	24	44	47	50
Sumter, S. C.	82	72	62	50	40	32	23	29	28	23	43	47	50
Woodford, S. C.[3]	85	75	62	50	41	34	24	29	28	24	44	47	50

[1]Governed by the Southern Classification.
[2]Per barrel.
[3]Intermediate points.

5. FROM OHIO RIVER CROSSINGS

(a) *From Cincinnati, Ohio*

The base rates from Cincinnati to the Virginia Gateways were calculated by assimilating the rates from Chicago to the Virginia Cities, proper, to the Southern Classification and deducting therefrom the proportional rates from Chicago to Cincinnati (applicable on south-

ern business[1]), the resultant balance being base rates.

When for destinations on and north of an imaginary line drawn from Cleveland, Tenn., through Murphy, N. C., Walhalla, Seneca, Anderson, Belton, Abbeville, Greenwood, Newberry, Alston, and Columbia, S. C., to Wilmington, N. C., the base rates from Cincinnati to Atlanta were calculated by adding the following differentials to the rates from Nashville to Atlanta, proper:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials....	6	5	3	3	3	3	2	2	2	2	2	2	4

When for destinations south of the Walhalla-Wilmington Line, the Cincinnati-Atlanta base rates are the same as the rates from Cincinnati to Atlanta, proper.

In a similar way, the base rates from Cincinnati to Athens, Augusta, and Charleston were worked out.

The base rates from Cincinnati to Paint Rock, Tenn.-N. C., are 75 per cent (representative of comparative distances) of the base rates to Atlanta. The rates to Johnson City, Tenn., are the same as those to Paint Rock. The rates to Columbia are the rates to that point, proper.

Table 51 sets forth the basing rates from Cincinnati when for destinations on and north of the Walhalla-Wilmington Line, while Table 52 sets forth the rates when for destinations south of this line.

While the class basing rates only are exhibited, numerous commodity figures are, in effect, worked out as described.

(*b*) *From Covington, Newport, Louisville, and Lexington, Ky., and Jeffersonville, Ind.*

The rates from Cincinnati having been fixed, the rates from Covington, Newport, Louisville, and Lexington,

[1]See page 217

TABLE 51

Basing Rates from Cincinnati, Ohio, When for Destinations On and North of the Walhalla-Wilmington Line

From Cincinnati, Ohio, to	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Virginia Cities	32	28	22	15	12	10	10	15	11	11	14	12	22
Paint Rock, N. C. / Johnson City, Tenn.	54	48	43	35	29	24	17	23	17	14	26	28	29
Atlanta, Ga.	72	64	57	46	38	32	22	30	23	19	35	37	38
Augusta, Ga. / Athens, Ga.	79	69	61	49	42	34	22	32	25	21	38	39	42
Charleston, S. C.	78	65	60	56	47	38	29	32	25	21	32	32	42
Columbia, S. C.	107	92	81	65	53	44	28	42	34	30	47	60	60

[1]Governed by the Southern Classification.
[2]Per barrel.

TABLE 52

Basing Rates from Cincinnati, Ohio, When for Destinations South of the Walhalla-Wilmington Line

From Cincinnati, Ohio, to	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Virginia Cities	32	28	22	15	12	10	10	15	11	11	14	12	22
Paint Rock, N. C. / Johnson City, Tenn.	74	65	59	47	39	31	21	27	21	18	36	36	36
Atlanta, Ga.	98	87	78	63	52	41	28	36	28	24	48	48	48
Augusta, Ga. / Athens, Ga.	103	90	81	65	54	43	28	38	30	26	50	50	52
Charleston, S. C.	95	80	75	70	58	46	35	38	29	25	40	40	50
Columbia, S. C.	107	92	81	65	53	44	28	42	34	30	47	60	66

[1]Governed by the Southern Classification.
[2]Per barrel.

Ky., and Jeffersonville, Ind., are made the same. All the Ohio River points below Louisville are made the following differentials higher than the rates from Cincinnati when the destination is on or north of the Walhalla-Wilmington Line:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	8	8	6	4	2	4	2	2	5	6	4

To territory south of the Walhalla-Wilmington Line, the rates from the lower Ohio River Crossings are the same as the rates from Cincinnati.

(c) *From Memphis, Tenn.*

The rates from Memphis to the territory on and north of the Walhalla-Wilmington Line are on the following differential relation with Cincinnati:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Over Cincinnati rates	8	8	6	6	4	2	..	2	..	..	3	4	..
Under Cincinnati rates	..	..	..	..	..	..	..	..	2	2	..	..	4

The rates from Memphis to the territory south of the Walhalla-Wilmington Line are made the following differentials lower than the Cincinnati rates:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	4	4	4	4	4	4	4	4	4	4	4	4	8

6. From Gulf Ports

From New Orleans, La., the rates are made the following differentials higher than the rates from Atlanta, proper:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	26	23	21	20	13	13	10	10	10	10	12	18	20

The through rates so made shall not be less than the rates from Memphis, nor less than the following differentials over the rates from Montgomery:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	10	5	5	4	4	4	4	5	10	8

From Mobile, Ala., and Pensacola, Fla., the rates are made the following differentials less than the rates from New Orleans:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	10	5	5	4	4	4	4	5	10	8

Various commodity exceptions are provided.

7. From Mississippi Valley Territory

From Greenville, Greenwood, Vicksburg, and Winona, Miss., the rates are the same as those from New Orleans.

From junction points south of the Memphis Division of the Southern Railway and on and east of the Mobile & Ohio Railway, the rates are made the following differentials under the rates from New Orleans:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	10	10	10	10	5	5	4	4	4	4	5	10	8

On specific articles manufactured at various points in Mississippi Valley Territory, the rates are made the same as those from Cairo, Memphis, Vicksburg, New Orleans, etc., as the case may be. Otherwise, through rates are made on the lowest combination from all points not specifically mentioned.

8. From Kentucky-Tennessee Territory

(*a*) *From Nashville, Tenn.*

When the destination is on or north of the Walhalla-Wilmington Line, the rates on Classes B, C, and D are made 2 cents less and on Class F 4 cents less than the rates from Louisville.

The rates on other classes, to destinations south of the Virginia-North Carolina state line and north of Smithfield, Goldsboro, and Kinston, N. C., on the Atlantic Coast Line Railroad, and Cary, N. C., on the Seaboard Air Line Railway, including Cary, are the same as the rates from Louisville, Ky.

To points other than the Virginia Cities on and north of the Danville & Western Railway, including the Leaksville Branch, and to points on and north of the Southern Railway, from Danville to Norfolk, including the Virginia and the Hitchcock Mill branches, and to stations on the Seaboard Air Line Railway and the Atlantic Coast Line Railroad in Virginia, the rates are made the following differentials less than the rates from Louisville:

Classes	1	2	3	4	5	6	A	E	H
Differentials	6	5	3	3	3	2	0	2	2

To all other destinations north of the Walhalla-Wilmington Line, the rates are made the following differentials less than the rates from Louisville:

Classes	1	2	3	4	5	6	A	E	H
Differentials	6	5	3	3	3	3	2	2	2

To that portion of Carolina Territory lying south of the Walhalla-Wilmington Line, the rates are made the following differentials less than the rates from Louisville:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	35	30	25	22	18	13	8	8	7	7	15	21	14

The maximum for each respective through rate is the same per ton per mile as that from Louisville.

(*b*) *From Clarksville, Tenn.*

To all destinations both north and south of the Walhalla-Wilmington Line, the rates are made the fol-

lowing differentials higher than the rates from Nashville:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	13	13	13	8	8	6	6	6	6	6	8	8	11

(c) *From Knoxville, Tenn.*

To Carolina Territory south of the Walhalla-Wilmington Line, the rates are made the following differentials higher than the rates from Chattanooga:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials	12	9	7	6	5	4	3	3	3	3	3	3	6

The rates are not higher than the rates from Nashville.

To Carolina Territory on and north of the Walhalla-Wilmington Line, the rates are made the same as those from Chattanooga, although the exceptions to this basis are quite numerous.

From other places the rates are made either in definite relationship to the Ohio River, Memphis, or Nashville, or on the lowest combination.

9. From Southeastern Territory

(a) *From Huntsville, Decatur, Sheffield, Florence, Tuscumbia, and Riverton, Ala.*

The rates from Huntsville and Decatur, Ala., are made the same as the rates from Nashville. From Sheffield, Florence, Tuscumbia, and Riverton, Ala., the rates are made the same as those from Nashville, except that on Classes B and F the rates are made 2 cents higher and on Classes C and D 1 cent higher than the Nashville rates.

(*b*) *From Chattanooga, Tenn.*

To points on and north of a line beginning at Paint Rock; thence via the Southern Railway, through Asheville, Newton, Statesville, Salisbury, Greensboro, and Durham, N. C., to Raleigh, N. C.; thence via the Atlantic Coast Line Railroad to Norfolk; and thence south of a line from Paint Rock, through Roanoke, to Portsmouth, the rates are made the same as those from Atlanta.

To points south of the above-described territory, except to destinations in Georgia, the rates are made the following differentials higher than the rates from Atlanta, with minimum through rates in certain cases:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials.....	10	8	7	6	5	4	3	3	3	3	4	4	6

To such Georgia destinations as are in Carolina Territory, the rates are made the following differentials over the Atlanta rates, with rates to Elberton and Athens, Ga., as minima in certain cases:

Classes.....	1	2	3	4	5	6	A	B	C	D	E	H	F
Differentials...	15	12	10	8	7	5	4	4	4	4	5	5	8

(*c*) *From Atlanta, Athens, and Augusta, Ga., and Charleston, S. C.*

The rates from Atlanta, Athens, and Augusta, Ga., and Charleston, S. C., are the local rates or specific rates established by the individual lines.

From other common and junction points, the rates are made either the same as or differentials higher than the rates from Atlanta or Chattanooga, as the case may be. From local points the rates are made with relation to those from the common points, either on a differential basis or on the lowest combination.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent to the University.

1. What is the largest rate-making territory in Southern Classification Territory?

2. What is the occasion of the prominence that Atlanta, Ga., enjoys as a rate-making point?

3. What in a measure fixes the rates from the West to Atlanta, Ga.?

4. How did the constructive mileage from Baltimore, Md., to Atlanta, Ga., compare with the actual mileage from Louisville, Ky., to Atlanta, Ga.?

5. What causes occasion a departure from the distance principle of rate-making in the southeast?

6. What is a differential route? What led to the establishment of differentials?

7. On traffic from Seaboard Territory to points adjacent to Mobile, Ala., and Pensacola, Fla., what route initiates the rates?

8. How were the rates from New York City to Atlanta, Ga., made in the first instance?

9. What causes led to a reduction in the original rates to Atlanta, Ga.?

10. If a reduction is made in the rates to Atlanta, Ga., will it result in a corresponding reduction in the rates to Rome, Ga.?

11. Was the long-and-short-haul clause observed on traffic from the East to Atlanta, Ga.? If so, to what extent?

12. Upon what basis are the rates to Anniston, Ala., constructed?

13. To what causes may deviations from the authorized basis of rate-construction be attributed?

14. What procedure would you follow if you desired to construct a rate from New York City to Ozark, Ala.?

15. What are the class rates from New York City via rail and water to Columbus, Miss.?

16. What are the commodity rates on iron and steel rails from New York City to Atlanta, Ga.?

17. On traffic originating at New York City, is there a definite relationship between the rates to Atlanta, Ga., and those to Montgomery, Ala.?

18. Are the rates to common points applied to local points throughout Southeastern Territory?

19. Upon what basis are rates constructed to local stations in Alabama located on the Atlantic Coast Line Railroad?

20. Is the long-and-short-haul clause observed as to rates on the route from New York, N. Y., to Memphis, Tenn.?

21. To what causes may the comparatively low rates to Memphis, Tenn., from the East be attributed?

22. Does the line of rates from New York City to stations on the route selected to Montgomery, Ala., appear reasonable to you?

23. To stations in Montgomery Sub-Territory beyond Montgomery, Ala., what basis is employed in constructing through rates from the East?

24. Via what port does the greatest volume of traffic to Southeastern Territory move in connection with the water-and-rail routes?

25. What adjustment is employed in constructing rates from Boston, Mass., and Providence, R. I.?

26. How, as a general rule, are rates from interior New England points constructed?

27. Is it necessary to place manufacturers of like kind of commodities or articles upon a common footing? Why?

28. Outline briefly the adjustment employed in the establishment of rail-and-water rates from Philadelphia, Pa.

29. How are the rates from Baltimore, Md., made with regard to the rates from Philadelphia, Pa.?

30. As a general proposition, how are the rates constructed from Trunk Line Territory?

31. Give the rule for the assimilation of the Official Classification to the Southern Classification.

32. Define briefly Buffalo-Pittsburgh Territory.

33. What basis is employed in establishing the rates on lettered class traffic from Buffalo-Pittsburgh Territory?

34. What rates are observed as maxima from Ashland, Ky., on traffic destined to Jesup, Ga.?

35. Name the Potomac Gateways.

36. What is the adjustment from Newport News, Va., to Birmingham, Ala.?

37. Illustrate in general the method of constructing rates from New York City to Bennettsville, S. C.

38. Upon what general basis are commodity rates constructed?

39. What is the commodity rate on sugar from Boston, Mass., to Montgomery, Ala.?

40. On a commodity such as sugar, how do you account for the comparatively low rates from adjoining territories?

41. What differentials are the Gulf routes conceded?

42. Do the rates from the western base points reflect the effect of the rates from the East? If so, what is the occasion therefor?

43. Do the lake-and-rail rates from Chicago, Ill., to New York City have any effect upon the rates to points in Southern Territory?

44. How are the rates from Louisville, Ky., to Adele, Ga., made? To West Point, Ga.?

45. How would you proceed to construct the rates from Louisville, Ky., to Phoenix City, Ala.?

46. How do the rates to Savannah, Ga., from Louisville, Ky., compare with the rates to intermediate points in the route selected?

47. On the above route, at what point is the long-and-short-haul clause first violated?

48. What is the basis for the construction of rates from Corinth, Miss.?

49. Are the rates from Ellisville and Newton, Miss., made on the same basis?

50. As a general proposition, how are the rates from Central Freight Association Territory constructed?

51. Define a proportional rate.

52. Why cannot commodity rates in one direction be contrasted fairly with those applying in an opposite direction?

53. How was the rate on cotton factory products from points in Southeastern Territory constructed?

54. What does Carolina Territory embrace?

55. What is the rail-and-water adjustment employed to Wilmington, N. C.?

56. How are the rates from Buffalo-Pittsburgh Territory constructed?

57. Outline in general the Ohio River adjustment.

58. What are the class rates from Cincinnati, Ohio, to points on and north of the Walhalla-Wilmington Line, i. e., making on Columbia, S. C.?

59. Would there be any difference in these rates if the shipment were destined to a point south of this line?

60. To Carolina Territory are the rates from Louisville, Ky., made in relation to the rates from Cincinnati, Ohio?

61. Upon what scale are the rates from Memphis, Tenn., to Carolina Territory adjusted?

62. What basis is employed in making the rates from New Orleans, La., to Carolina Territory?

63. What is the difference between the rates from Vicksburg, Miss., and the rates from New Orleans, La., to Carolina Territory?

64. What are the class rates from Chattanooga. Tenn., to Georgia destinations in Carolina Territory?

FREIGHT RATES
SOUTHERN TERRITORY

ONE OF A SERIES OF TREATISES IN AN INTERSTATE COMMERCE AND RAILWAY TRAFFIC COURSE

ADDISON R. SMITH
Third Vice-President
Louisville & Nashville Railroad

PART 2

INTRASTATE RATES
RATES VIA WATER ROUTES

LASALLE EXTENSION UNIVERSITY

CHICAGO

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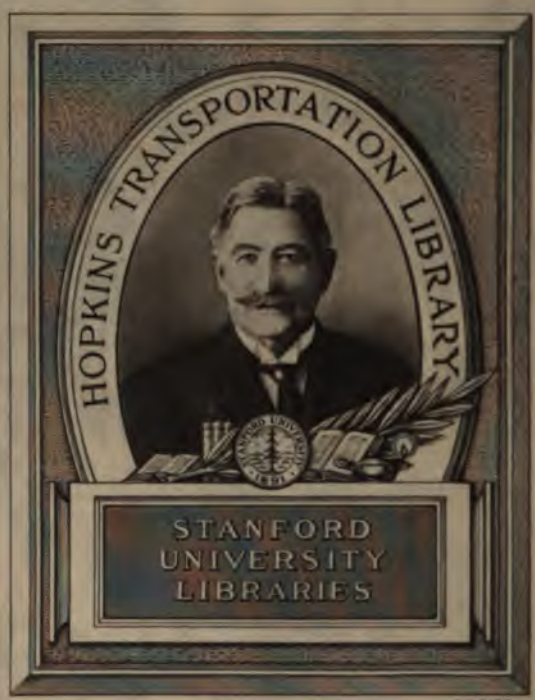

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Joel V. Berreman, Esq.

FREIGHT RATES
SOUTHERN TERRITORY

ADDISON R. SMITH
Third Vice-President
Louisville & Nashville Railroad

PART 2

INTRASTATE RATES

RATES VIA WATER ROUTES

LASALLE EXTENSION UNIVERSITY
CHICAGO
1922 (5-52)

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CONTENTS

Intrastate Rates in Southern Territory — Page

1. Development 65
2. Georgia
   - (a) Joint Rates 69
   - (b) Distances 73
   - (c) Joint Lines Defined 75
   - (d) Application of Distances 75
   - (e) Lines Not in Excess of Ten Miles 75

Intrastate Rates in Southern Territory (*Continued*)

1. Tennessee 77
2. Florida
   - (a) Joint Rates 84
3. North Carolina 84
4. West Virginia 88

Intrastate Rates in Southern Territory (*Continued*)

1. Kentucky 89
2. Virginia 91
3. South Carolina 96
4. Alabama 97
5. Mississippi 98
6. Louisiana 100

Rates on Inland Waterways

1. Character of Service 103
2. Ohio River 104
3. Green and Barren Rivers 106
4. Mississippi River 107
5. Tennessee River 111
6. Cumberland River 112
7. Alabama River 113
8. Coosa River 113
9. Chattahoochee River 114
10. Flint River 115
11. Savannah River 115
12. Altamaha River 116
13. Insurance 117

Interstate Rates via Coastwise Routes

1. Character of Service 119
2. Distances 121
3. Port-to-Port Rates
   - (a) Norfolk, Va. 122
   - (b) Wilmington, N. C. 122
   - (c) Georgetown, S. C. 123
   - (d) Charleston, S. C. 123
   - (e) Savannah, Ga. 123
   - (f) Brunswick, Ga. 124
   - (g) Jacksonville, Fla. 125
   - (h) Tampa, Fla. 125
   - (i) Gulf Ports 126
4. Rates to and from Interior Points in Trunk Line and New England Territories 127
5. Rates from Points in Central Freight Association Territory, etc.
   - (a) From New Orleans, La. 134

Test Questions 136

CHAPTER V

INTRASTATE RATES IN SOUTHERN TERRITORY

1. Development

Between common points in Southern Territory, in the case of rate adjustments to and from points outside of the territory, there is an interlacing fabric, resulting from a definite relationship of one point of origin to another and one point of destination to another. The rates from Chattanooga bear fixed relationship to those from Nashville; the rates from Rome bear fixed relationship to those from Chattanooga. Birmingham and Chattanooga are hinged as points of origin. Rates from Atlanta are figured certain differentials below the Chattanooga and Birmingham rates. Birmingham is hinged upon Montgomery; Columbus on Birmingham and Montgomery; Macon on Atlanta, Columbus, etc. It is not meant that to a single destination one of these points of origin has its rates hinged upon several other points of origin; for example, in one instance a rate to or from Atlanta may be made in relation to the Chattanooga rate and in the next case in relation to the Birmingham rate, and so forth.

In addition, there is often a relationship between different points of destination and one point of origin.

Between points in the same state the crowning factor, however, is the rate made under the general or specific orders of the state commission. The Georgia Commission has been particularly active in making whole adjustments between common points as well as between non-competitive points. In Alabama and Florida also, the state commissions have specifically fixed many of the rates.

These intrastate adjustments are reflected in the interstate adjustment. For example, a rate made by the Georgia Railroad Commission from Savannah to Atlanta may act to reduce the rates from the Virginia Cities, the Eastern Cities, the Ohio River Crossings, the Mississippi River Crossings, etc. A rate made from Columbus, Ga., to Macon or Augusta, Ga., is often reflected in the rates from points like Birmingham and Montgomery, Ala., etc., to the same destinations. The change by the commission in the adjustment from Atlanta to Brunswick will be immediately followed by a corresponding change from Atlanta to Charleston, S. C., and Jacksonville, Fla.

From and to intermediate points the general basis is the lowest combination with continuous mileage scales as maximum. Exceptions apply in the case of rates on manufactured articles and highly competitive commodities, such as lumber, from intermediate points and common basing points. These rates are frequently made the same as those from the next distant competitive point.

This being true, it naturally follows that some understanding of the existing intrastate rates be had in order to follow intelligently the subsequent interstate bases for through-rate construction. This chapter will therefore be devoted to intrastate rates in general. While the Georgia and Florida adjustments have been quite fully

treated, it has not seemed desirable to go to such length in the case of each individual state in the territory, as the conditions are much the same throughout.

Every state in this section of the country has a regulative body that is vested with authority to supervise the internal commerce of that particular state. This function is performed in some cases by the establishment of maximum rates prescribed by the commission and in other cases by a ratification of schedules submitted by the carrier before becoming effective, or by subsequent approval of carrier's rates established at an earlier date. The following states, either by statutes or by orders of their respective commissions, have prescribed substantially complete tables of distance rates: Virginia, North Carolina, South Carolina, Georgia, and Florida. Each of these states has also promulgated a classification of freight applicable within the state. In other states, however, the authorities have virtually fixed classifications of their own by accepting the railroads' standard classification (Southern Classification), which is applied generally, with some local exceptions prescribed by the several interested lines.

It will be observed that the state commissions of Virginia, North Carolina, South Carolina, Florida, and Georgia have not failed to recognize the propriety of the fact that many of the smaller and independent lines require rates which are on a higher scale than that accorded the larger systems.

2. Georgia

We find that the railroads in the state of Georgia are assigned to four classes according to their traffic strength: Class A, Class B, Class C, and Class D. Class A roads are accorded rates which are on a lower scale

than Class B roads. Class B roads, while on a higher scale than Class A roads, are on a lower basis than Class C or Class D roads. Table 1 indicates several of the more important lines in the state and the class to which each is assigned.

TABLE 1

CLASSIFICATION OF THE GEORGIA RAILROADS

CLASS	ROAD
A	Alabama Great Southern Railroad
A	Atlanta & West Point Railroad
A	Georgia Railroad
B	Atlantic Coast Line Railroad
C	Atlanta, Birmingham & Atlantic Railroad
C	Central of Georgia Railway
C	Southern Railway
D	Georgia, Florida & Alabama Railway
D	Macon, Dublin & Savannah Railroad
D	Valdosta, Moultrie & Western Railroad

The extent to which the rates of Class B, Class C, and Class D roads may exceed the rates announced for Class A roads is indicated in the following paragraphs:

CLASS B

On Classes 1, 2, 3, 4, 5, 6, A, E, G, H, L,[1] N, and O, the Standard Tariff with 20 per cent added.

On Classes B, K, M, and R, the Standard Tariff with 10 per cent added.

On Classes C, D, F, J, and P, the Standard Tariff without percentage.

CLASS C

On Classes 1, 2, 3, 4, 5, 6, A, E, G, H, L,[1] N, and O, the Standard Tariff with 25 per cent added.

On Classes B, K, M, and R, the Standard Tariff with 10 per cent added.

On Classes C, D, F, J, and P, the Standard Tariff without percentage.

[1]On lime and ice, the Standard Tariff with 10 per cent added.

CLASS D

On Classes 1, 2, 3, 4, 5, 6, A, B, E, G, H, K, L,[1] M, N, and O, and R: For 40 miles and under, the Standard Tariff with 50 per cent added; for 70 miles and over 40 miles, the Standard Tariff with 40 per cent added; for 100 miles and over 70 miles, the Standard Tariff with 30 per cent added; over 100 miles, the Standard Tariff with 20 per cent added.

On Classes C, D, F, J, and P, the Standard Tariff without percentage.

(*a*) *Joint Rates*

Rule 27 issued by the Railroad Commission of Georgia provides that the maximum charge on a shipment moving between two points located in the state of Georgia but not located on the same road shall be the sum of 90 per cent of the local rates allowed to be charged by each road handling the freight. To illustrate, on a shipment of freight taking the first-class rate, the rate from Fairburn on the Atlanta & West Point Railroad to Covington on the Georgia Railroad will be arrived at as follows: Take the Atlanta & West Point Railroad rate for first class, from Fairburn to Atlanta (a distance of 18.81 miles), which is 20 cents; from this deduct 10 per cent, or 2 cents, leaving 18 cents as the proportion of the Atlanta & West Point Railroad for transporting the joint shipment from Fairburn to Atlanta. To this add the Georgia Railroad rate from Atlanta to Covington (41 miles), which is 27 cents; deduct 10 per cent, or 3 cents, leaving 24 cents, which represents the Georgia Railroad proportion for hauling the joint through shipment from Fairburn to Covington; the total through charge (joint rate) is 42 cents.

Each railroad company's proportion in handling joint through shipments must be determined before adding together the rates to arrive at a joint through rate; unless otherwise provided by a proper division basis among the

TABLE 2
Georgia Distance Rates

	PER 100 POUNDS											Per Bbl.	Per 100 Lbs.	Per 100 Lbs.
Distance	1	2	3	4	5	6	A	B	C	D	E	F	G	H
Miles	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts	Cts.	Cts.	Cts.	Cts.	Cts.
5	12	11	10	8	7	6	6	6	4½	3½	7	9	2½	8
10	16	14	13	10	9	8	8	8	5½	5	9	11½	3½	10
15	18	16	15	12	11	9	9	9	6	5½	11	12½	3½	12
20	20	18	16	14	12	10	10	10	7	6	12	14	5	14
25	22	20	18	16	13	11	11	11	7½	6½	13	15	5½	16
30	24	21	19	17	14	11	11	11	7½	6½	14	15	6	17
35	26	23	21	19	15	12	12	12	8	7½	15	16½	6½	19
40	27	24	22	20	16	12	12	12	8	7½	16	16½	6½	20
45	29	26	24	21	17	13	13	13	8½	8	17	17½	6½	21
50	**30**	**27**	**25**	**22**	**18**	**13**	**13**	**13**	**8½**	**8**	**18**	**17½**	**7**	**22**
55	32	29	26	23	19	14	14	14	9	8½	19	18	7	23
60	33	30	27	24	19	14	14	14	9	8½	19	18	7½	24
65	35	32	28	25	20	15	15	15	9½	9	20	19	7½	25
70	36	33	29	26	20	15	15	15	9½	9	20	19	7½	26
75	38	35	30	27	21	16	16	16	10	9½	21	20	7½	27
80	39	36	31	28	21	16	16	16	10	9½	21	20	7½	28
85	41	37	32	29	22	17	17	17	11	10	22	21½	7½	29
90	42	38	33	29	22	17	17	17	11	10	22	21½	8	29
95	44	39	34	30	23	18	18	18	11½	11	23	23	8	30
100	**45**	**40**	**35**	**30**	**23**	**18**	**18**	**18**	**11½**	**11**	**23**	**23**	**8½**	**30**
110	48	42	37	31	24	19	19	19	12	11	24	23	8½	31
120	51	44	39	32	25	20	20	20	13	12	25	24	8½	33
130	54	46	41	33	26	21	21	21	13	12	26	25	8½	33
140	57	48	43	34	27	22	22	22	13	13	27	26	9	34
150	**60**	**50**	**45**	**35**	**28**	**23**	**23**	**23**	**14**	**13**	**28**	**28**	**9**	**35**
160	62	52	46	36	29	24	24	24	14	13	29	29	9½	36
170	64	54	47	37	30	25	25	25	15	14	30	31	9½	37
180	66	56	48	38	31	26	26	26	15	14	31	31	9½	38
190	68	58	49	39	32	27	27	27	16	15	32	33	9½	39
200	**70**	**60**	**50**	**40**	**32**	**27**	**27**	**27**	**16**	**15½**	**32**	**33**	**9½**	**40**
210	71	62	51	41	35	28	28	28	17	15	33	34	9½	41
220	72	64	52	42	33	28	28	28	17	16	33	34	10	42
230	73	66	53	43	34	29	29	29	18	17	34	36	10½	43
240	74	68	54	44	34	29	29	29	18	17	34	36	10½	44
250	**75**	**70**	**55**	**45**	**35**	**30**	**30**	**30**	**19**	**18**	**35**	**38**	**10½**	**45**
260	76	71	56	46	35	30	30	30	19	18	35	38	10½	45
270	77	71	56	46	36	31	31	31	20	19	36	40	10½	46
280	78	72	57	47	35	32	32	32	20	19	36	40	10½	47
290	79	72	57	47	37	32	32	32	21	19	37	42	10½	47
300	**80**	**73**	**58**	**48**	**38**	**33**	**33**	**33**	**21**	**19**	**30**	**42**	**11**	**48**
310	81	73	58	48	38	33	33	33	21	19	38	42	11	48
320	82	74	59	49	39	34	34	34	21	20	39	42	11	49
330	83	74	59	49	39	34	34	34	22	20	39	44	11	49
340	84	74	59	49	39	34	34	34	22	20	29	44	11	49
350	**85**	**75**	**60**	**50**	**40**	**35**	**35**	**35**	**23**	**21**	**40**	**46**	**11**	**50**
360	85	75	60	50	40	35	35	35	23	21	40	46	11½	50
370	85	75	60	50	40	35	35	35	23	21	40	46	11½	50
380	88	76	61	51	41	36	36	36	25	23	41	50	11½	51
390	88	76	61	51	41	36	36	36	25	23	41	50	11½	51
400	**88**	**76**	**61**	**51**	**41**	**36**	**36**	**36**	**25**	**23**	**41**	**50**	**11½**	**52**
410	91	77	62	52	42	37	37	37	26	24	42	52	11½	54
420	91	77	62	52	42	37	37	37	26	24	42	52	11½	54
430	91	77	62	52	42	37	37	37	26	24	43	52	11½	54
440	94	78	63	53	43	38	38	38	27	25	43	54	11½	56
450	**94**	**78**	**63**	**53**	**43**	**38**	**38**	**38**	**27**	**25**	**43**	**54**	**11½**	**56**
460	94	78	63	53	43	38	38	38	27	25	43	54	13	56

TABLE 2—Continued

Georgia Distance Rates

	Per 100 Pounds.		Per Ton.		Per Car Load.			Per 100 Lbs.
Distance	J	K	L	M	N	O	P	R
Miles	Cts.	Cts.	$ Cts.	$ Cts.	$ Cts.	$ Cts.	$ Cts.	Cts.
5	8	4	35	55	5 00	5 50	4 00	4
10	10	5	50	80	6 50	8 00	5 00	5
15	12	5½	55	85	7 50	9 00	6 00	5½
20	13	6	60	90	8 00	10 00	7 00	6
25	14	6½	65	95	9 00	11 00	8 00	6½
30	15	7	70	1 00	10 00	11 00	8 00	7
35	16	7½	75	1 05	12 00	12 00	9 00	7½
40	17	8	80	1 10	13 00	12 00	9 00	8
45	18	8	85	1 15	14 00	13 00	10 00	8½
50	**19**	**8**	**90**	**1 20**	**14 00**	**13 00**	**10 00**	**9**
55	20	8	95	1 25	14 00	14 00	10 00	9
60	21	9	95	1 30	14 50	14 00	11 00	10
65	22	9	1 00	1 35	15 50	15 00	11 00	10
70	22	9	1 00	1 40	16 00	15 00	11 00	11
75	23	9½	1 05	1 45	16 50	16 00	12 00	11
80	23	9½	1 10	1 50	17 00	16 00	12 00	12
85	24	9½	1 15	1 55	17 50	17 00	13 00	12
90	24	9½	1 15	1 60	18 00	17 00	13 00	13
95	25	10	1 20	1 65	19 00	17 00	14 00	14
100	**25**	**10**	**1 20**	**1 70**	**20 00**	**17 00**	**14 00**	**14**
110	26	10	1 25	1 80	21 00	18 00	14 00	15
120	27	10½	1 30	1 90	23 00	18 00	15 00	16
130	28	10½	1 35	2 00	24 00	19 00	16 00	17
140	29	11	1 40	2 10	25 00	19 00	16 00	18
150	**30**	**11**	**1 50**	**2 20**	**26 00**	**20 00**	**17 00**	**18**
160	31	12	1 60	2 25	27 00	20 00	17 00	19
170	32	12	1 70	2 30	28 00	21 00	18 00	19
180	33	12	1 80	2 35	29 00	21 00	19 00	20
190	34	13	1 90	2 40	29 50	22 00	19 00	20
200	**35**	**13**	**2 00**	**2 45**	**30 00**	**22 00**	**20 00**	**20**
210	36	13	2 10	2 50	31 00	23 00	20 00	21
220	37	14	2 20	2 55	31 50	23 00	21 00	21
230	38	14	2 30	2 65	32 00	23 00	21 00	21
240	39	14	2 40	2 65	33 00	24 00	22 00	22
250	**40**	**15**	**2 50**	**2 75**	**33 50**	**24 00**	**22 00**	**22**
260	41	15	2 60	2 75	34 00	24 00	22 00	22
270	42	15	2 70	2 85	34 50	25 00	23 00	22
280	43	16	2 80	2 85	35 00	25 00	23 00	23
290	44	16	2 90	2 95	36 00	25 00	24 00	23
300	**45**	**16**	**2 95**	**3 00**	**36 50**	**26 00**	**24 00**	**23**
310	46	17	3 05	3 10	37 00	26 00	24 00	23
320	47	17	3 05	3 20	38 00	26 00	24 00	24
330	48	17	3 15	3 30	38 50	27 00	25 00	24
340	49	17	3 15	3 40	39 00	27 00	25 00	24
350	**50**	**17**	**3 28**	**3 50**	**40 00**	**27 00**	**25 00**	**24**
360	51	17	3 28	3 50	40 00	27 00	25 00	24
370	52	17	3 28	3 50	40 00	27 00	25 00	24
380	53	18	3 41	3 60	41 00	29 00	27 00	26
390	54	18	3 41	3 60	42 00	29 00	27 00	26
400	**55**	**18**	**3 41**	**3 60**	**42 00**	**29 00**	**27 00**	**26**
410	56	19	3 54	3 70	44 00	31 00	29 00	28
420	57	19	3 54	3 70	44 00	31 00	29 00	28
430	58	19	3 54	3 70	44 00	31 00	29 00	28
440	59	20	3 67	3 80	46 00	33 00	31 00	30
450	**59**	**20**	**3 67**	**3 80**	**46 00**	**33 00**	**31 00**	**30**
460	60	20	3 67	3 80	46 00	33 00	31 00	30

carriers, which does not affect the total through joint rate paid by the shipper or consignee, the through joint rate will divide between the carriers as made.

The distance rates set forth in the forty-first annual report of the Georgia Railroad Commission have been reproduced in Table 2.

It will be observed from Table 2 that additional classes other than those shown in the Southern Classification proper are established. This fact is accounted for by a special classification issued by the commission, which provides ratings for articles conforming to the scale it has adopted.

As indicated by Table 3, different ratings are provided for some articles according to whether they are shipped subject to the owner's risk or to the carrier's risk.

TABLE 3

SPECIMEN CLASSIFICATION RATINGS OF THE GEORGIA RAILROAD COMMISSION COMPARED WITH SOUTHERN CLASSIFICATION RATINGS

Commodity	Georgia		Southern
	Carrier's Risk	Owner's Risk	Owner's Risk[1]
	Class	Class	Class
Baled cotton, any quantity	J	..	1
Cotton seed, for planting	G	..	D
Drain tile, C. L.	R	P	A
Ice, C. L.	L	..	6
Iron and steel articles as per special list, C. L.	⅔ of 6th	..	6
Jug ware, C. L.	L	..	6
Live poultry, C. L.	1	M	Special
Potatoes, L. C. L.	6	R	6
Potatoes, C. L.	6	D	6
Shell oysters, C. L.	..	K	6

[1]Carrier's risks are 10 per cent higher.

All cotton is handled on commodity rates materially lower than the corresponding class rates.

(*b*) *Distances*

The Railroad Commission of Georgia also publishes official mileages between all points within the state, which must be used in conjunction with the rates and classification heretofore treated. The following excerpt from its issue will give the reader an idea of the manner in which this information is set forth. These figures are supplied the commission by the carriers.

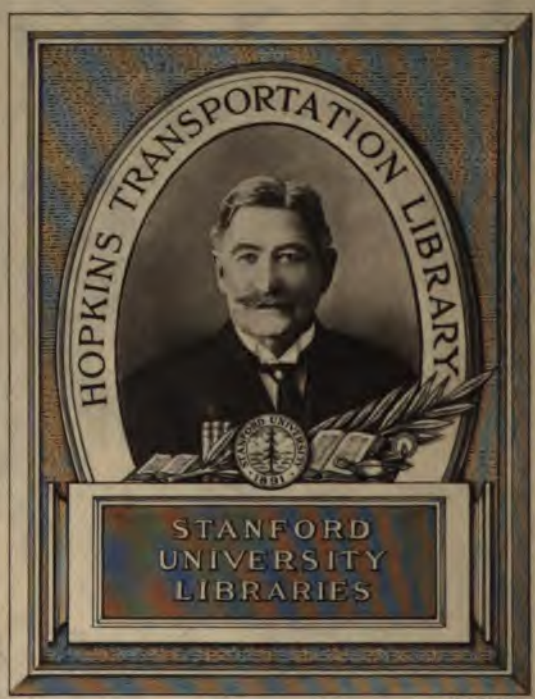
DISTANCE TABLES

*Indicates Non-Agency Stations

ATLANTA, BIRMINGHAM & ATLANTIC RAILROAD

BRUNSWICK TO BIRMINGHAM

Brunswick	0.0	Bushnell	104.9	Mauk	222.4
*Southern Junction	9.0	Ambrose	108.9	*Norwich	225.4
*Brobston	12.3	Wray	112.0	Junction City	230.4
*Anguilla	15.9	**Osierfield**	**116.9**	***Paschal**	**231.0**
*Leicht	17.1	*Ashton	120.8	**Talbotton**	**238.2**
*Blounts	19.4	**Fitzgerald**	**126.0**	*Berry	243.1
Thallman	**21.1**	*Abba	133.4	Woodland	248.3
*Lott	24.0	*Arp	135.4	Chalybeate Springs	254.3
*Browntown	27.0	Rebecca	141.6	**Manchester**	**256.0**
*Fendig	31.2	**Double Run**	**147.1**	Bullochville	261.4
*Needmore	34.7	*Hatley	151.6	*Warm Springs	262.0
Hortense	**38.0**	*Musselwhite	158.0	Durand	267.6
Zirkle	43.5	**Cordele**	**162.9**	Stovall	273.2
Offerman	**48.7**	*Ross	167.0	*Big Springs	277.7
Bristol	55.5	**Vienna**	**172.5**	*Knott	280.2
Coffee	62.8	Lilly	178.6	**LaGrange**	**286.8**
*Mill City	68.0	Byromville	183.4	*Pyne	293.1
Rockingham	70.2	Dooling	185.9	*Abbottsford	297.0
Alma	73.4	*Fields	190.9	Georgia-Alabama Line	299.8
Guysie	77.2	**Montezuma**	**194.1**	**Standing Rock, Ala**	**301.8**
***Sessoms**	**80.9**	**Oglethorpe**	**195.7**	**Roanoke, Ala**	**311.1**
Nicolls	84.2	*Bartlett	200.9	**Birmingham, Ala**	**453.6**
Chatterton	90.0	Ideal	205.7		
Douglas	**97.3**	Southland	208.8		
*Upton	100.1	*Rupert	213.1		
		Charing	218.1		



GIFT OF

Joel V. Berreman, Esq.

(c) *Joint Lines Defined*

The rules of this commission likewise provide that where two or more connecting lines of railroad are operated by or are under one management or company, or where the majority of stock of any railroad company is owned or controlled either directly or indirectly by connecting railroad companies, the lines of such companies shall be considered as constituting but one and the same railroad, and the rates for the carriage of freight over such railroads, or any portion thereof, shall be computed upon the continuous mileage basis.

(d) *Application of Distances*

In the application of distances less than 100 miles, when the actual distance that a shipment moves is not shown by the standard freight tariff, the same charges may be collected as those specified for the distance shown by said standard tariff most nearly approximating the actual distance. For example, if the actual distance be 48 miles, the 50-mile rate applies; for 47 miles, the 45-mile rate applies; for distances over 100 miles, where the actual distance is not shown by the standard tariff, the next greater distance governs. For example, if the actual distance be 101 miles, the rate for 110 miles applies, provided, however, that in all cases where fractional miles are shown the unit mile is to be arrived at in the following manner: For distances of one-half mile and over, the next unit mile above; for distances less than one-half mile, the unit mile below.

(e) *Lines not in Excess of Ten Miles*

Another important feature in the application of these distances is that the railroad company whose line does

not exceed 10 miles in length may assess and collect freight charges on any shipment transported by it between any points on its line as if the shipment were carried 10 miles. It should be understood that throughout the South many logging and tap lines have been built whose mileage does not exceed this figure, and the intent of this rule is to accord them a basis of rates somewhat higher than would ordinarily obtain.

CHAPTER VI

INTRASTATE RATES IN SOUTHERN TERRITORY—Continued

1. Tennessee

The Railroad Commission of this state, on February 20, 1914, issued an order establishing the rates then published by the carriers as maximum rates until otherwise ordered. A specimen table of these rates applying from Memphis, Tenn., to Decherd, Tenn., also to Chattanooga, is shown in Table 4.

TABLE 4

Class Rates from Memphis, Tenn., to Various Stations on the Nashville, Chattanooga & St. Louis Railway in Tennessee

From Memphis, Tenn., To	Miles	Rates in Cents per 100 Pounds Except as Noted												
		Classes[1]												
		1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Montgomery Park	4.3	12	10	9	8	7	6	6	6	6	6	7	8	12
Barclaire	9.1	18	15	12	12	10	8	7	7	7	7	10	12	14
Mullins	12.2	22	20	17	15	12	11	9	9	9	9	13	15	18
Cordova	16.6	25	22	18	16	14	12	10	10	10	10	14	16	20
Eads	24.8	28	24	19	17	15	13	11	11	11	11	15	17	22
Laconia	49.4	37	32	27	23	20	18	16	16	13	13	20	23	26
Denmark	72.2	45	40	34	28	23	21	19	19	15	15	23	28	30
Lurry	99	49	42	37	30	26	23	21	21	15	15	26	30	30
Wildersville	122.3	52	46	40	32	29	26	24	24	16	16	29	32	32
Hollow Rock Jct.	143.5	54	47	42	35	30	27	25	25	16	16	30	35	32
Dickson	196.2	64	54	46	38	30	29	28	28	18	18	30	33	36
Nashville	290.8	50	40	35	27	22	19	18	23	11	11	23	23	20
Decherd	319.6	83	75	61	50	43	37	34	42	24	24	43	50	48
Chattanooga	313	70	60	53	43	37	36	16	25	21	17	20	35	34

[1]Governed by the Southern Classification.
[2]Per barrel.

It will be observed from Table 4 that to Nashville and Chattanooga rates are published which are considerably less than those applying to intermediate points. In the

case of the former, this is due to the competition on the Cumberland River.

The rates to Chattanooga are compelled by market competition and are practically the same as those applying to Chattanooga from Cincinnati, Ohio, which were prescribed by the Interstate Commerce Commission as maximum rates in 1910.[1] If the merchants of Memphis are to be afforded an opportunity to compete with the Cincinnati merchants, the distance between the respective points being practically the same, it naturally follows that they must do so on practically the same scale of rates. The distance from Cincinnati to Chattanooga via the Cincinnati, New Orleans & Texas Pacific Railway is 338 miles, while the distance from Memphis, Tenn., to Chattanooga via the Southern Railway is 313 miles.

It must also be remembered that through water routes from Memphis, Tenn., to Tennessee River landings are available for practically ten months of the year and consequently limit to a great extent the measure of rates that may be exacted to such points.

Another line of representative rates between Tennessee points is shown in Table 5.

2. Florida

As is the case in so far as Georgia is concerned, the Railroad Commission of Florida prescribes maximum rates, a freight classification, and mileages to be applied upon traffic moving within the state. These state rates are usually applied in constructing rates on interstate traffic in the following manner.

Reference to the Atlas of Traffic Maps will indicate that the larger portion of this state lies south of Jack-

[1] 18 I. C. C. Rep., 440.

TABLE 5

CLASS RATES BETWEEN MEMPHIS, TENN., AND STATIONS ON THE ILLINOIS CENTRAL RAILROAD IN TENNESSEE

From Memphis, Tenn., To	Miles	Rates in Cents per 100 Pounds Except as Noted												
		Classes[1]												
		1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Frayser	9	12	10	9	8	7	6	6	6	5	5	6	6	10
Lucy	13	15	13	12	11	10	9	9	9	6	6	9	9	12
Tipton	23	20	17	15	13	12	11	11	11	7	7	11	11	14
Atoka	26	23	20	17	15	14	14	13	13	9	8	13	13	16
Brighton	30	30	25	21	18	17	16	15	16	12	11	16	17	22
Curve	59	43	37	33	30	27	23	18	20	19	18	22	25	36
Obion	96	53	43	35	32	29	25	20	22	21	20	24	30	40
Pierce	117	55	45	35	32	29	25	20	22	21	20	24	30	40

[1] Governed by the Southern Classification.
[2] Per barrel.

sonville, Fla., which is the principal base point in the state. As Jacksonville is also one of the principal South Atlantic Ports, it naturally enjoys very low rates from the eastern seaboard in connection with the water lines serving it. The rates established by the water lines practically fix the rates which may be charged from interior northern cities. Also, as has been stated, the market competition between the eastern and western territories results in comparatively low rates from the West because of the low charges the East is able to exact. Consequently, as a rule, rates are made to inland points in Florida by adding to the rates to Jacksonville the local rates prescribed by the Railroad Commission of Florida for the class of railroads over which the inland haul is made.

Representative rates are indicated in Table 6.

As in the other cases, violations of the long-and-short-haul clause under this adjustment exist subject to approval by the state and interstate commissions; in fact, rates are published from northern points of origin to Key West which are considerably lower than the rates to Jacksonville. These, however, are applicable only upon

TABLE 6[1]

Schedule of Freight Tariffs Operated in the State of Florida by the Florida East Coast Railway, Effective November 1, 1910

Distances	Class Rates in Cents per 100 Pounds												Per Barrel	Per 100 Lbs.	Per Ton, 2000 Lbs.		Per Carload			Per 100 Lbs.	Per Standard Box		Per Standard Crate	
																					G		V	
	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M	N	O	P	R	C.L.	L.C.L.	C.L.	L.C.L.
10 Miles and under	24	21	20	15	14	13	10	9	8	6	14	15	12	7		75	1 00	8 00	10 00	8	8	11	6	9
20 " " over 10 Miles	28	26	24	19	17	15	12	11	11	8	17	19	15	8		90	1 10	11 00	12 00	9	8	11	6	9
30 " " " 20 Miles	32	30	28	23	20	18	13	12	12	9	20	23	18	9	1 05	1 20	14 00	14 00		10	8	11	7	10
40 " " " 30 Miles	36	34	32	27	23	19	14	13	13	10	23	27	19	10	1 20	1 30	16 00	15 00		11	9	12	7	10
50 " " " 40 Miles	40	38	35	30	25	20	15	14	14	11	25	30	20	10½	1 30	1 40	18 00	16 00		12	10	13	8	11
60 " " " 50 Miles	44	42	38	32	29	23	16	15	15	12	29	32	22	11	1 40	1 50	20 00	17 00		13	11	14	8	11
70 " " " 60 Miles	48	46	41	34	30	24	17	17	17	13	30	34	23	11½	1 50	1 60	22 00	18 00		14	12	15	9	12
80 " " " 70 Miles	52	50	43	36	32	25	18	18	18	14	32	36	24	12	1 60	1 70	24 00	19 00		15	13	16	9	12
90 " " " 80 Miles	56	53	46	38	33	26	19	19	19	14	33	38	25	12½	1 70	1 75	26 00	20 00		16	14	17	10	13
100 " " " 90 Miles	60	55	49	39	34	28	20	20	20	14	34	39	26	13	1 75	1 80	28 00	21 00		17	15	18	10	13
110 " " " 100 Miles	62	58	50	41	35	30	21	21	21	15	35	41	29	13½	1 80	1 90	29 00	22 00		18	16	19	11	14
120 " " " 110 Miles	64	60	53	42	36	31	22	22	22	17	36	42	30	14	1 85	1 95	29 00	23 00		19	17	20	11	14
130 " " " 120 Miles	66	61	55	43	37	32	23	23	23	18	37	43	31	14½	1 90	2 00	31 00	24 00		20	18	21	12	15
140 " " " 130 Miles	68	62	57	45	38	33	24	24	24	18	38	45	32	15	1 95	2 05	32 00	25 00		21	19	22	12	15
150 " " " 140 Miles	70	63	59	47	39	35	25	25	24	18	39	47	33	15½	2 00	2 10	33 00	26 00		22	20	23	13	16
160 " " " 150 Miles	72	65	59	49	41	36	26	26	25	19	41	49	34	16	2 05	2 15	34 00	27 00		23	20	23	13	16
170 " " " 160 Miles	74	67	60	50	42	37	27	27	26	20	42	50	35	16½	2 10	2 20	35 00	28 00		24	21	24	14	17
180 " " " 170 Miles	76	68	61	53	43	38	28	27	28	21	43	53	36	16½	2 15	2 21	36 00	29 00		24½	21	24	14	17
190 " " " 180 Miles	77	69	63	54	44	39	29	28	29	21	44	54	37	16½	2 16	2 22	37 00	30 00		25	22	25	15	18
200 " " " 190 Miles	78	70	64	55	45	40	30	29	29	21	45	55	39	16½	2 17	2 23	38 00	30 50		25½	22	25	15	18

For Class P Rates, see page 156.

[1]This table is a reproduction from the seventeenth annual report of the Railroad Commission of the state of Florida The rates are governed by the Florida Classification.

TABLE 6—CONTINUED[1]

SCHEDULE OF FREIGHT TARIFFS OPERATED IN THE STATE OF FLORIDA BY THE FLORIDA EAST COAST RAILWAY, EFFECTIVE NOVEMBER 1, 1910

Distances	Class Rates in Cents per 100 Pounds												Per Barrel	Per 100 Lbs.	Per Ton, 2000 Lbs.		Per Carload			Per 100 Lbs.	Per Standard Box		Per Standard Crate	
	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M	N	O	P	R	G C.L.	G L.C.L.	V C.L.	V L.C.L.
210 Miles and over 200 Miles..	80	71	64	56	46	41	31	30	30	21	46	56	40	18	2 18	2 24	38 00	31 00	For Class P Rates, see page 156.	26	23	26	16	19
220 " " " 210 Miles..	82	72	65	57	47	43	32	31	31	22	47	57	41	18	2 19	2 25	39 00	31 00		26½	23	26	16	19
230 " " " 220 Miles..	83	73	66	58	48	44	33	32	32	23	48	58	42	18	2 20	2 26	39 00	31 00		27	24	27	17	20
240 " " " 230 Miles..	84	74	67	59	50	45	34	33	33	24	50	59	43	18	2 21	2 27	39 00	32 00		27½	24	27	17	20
250 " " " 240 Miles..	85	75	68	61	51	46	35	34	33	25	51	61	44	18	2 22	2 28	40 00	32 00		28	25	28	18	21
260 " " " 250 Miles..	86	76	69	62	52	47	36	35	34	25	52	62	45	20	2 23	2 29	41 00	32 00		28½	25	28	18	21
270 " " " 260 Miles..	87	77	70	63	54	48	37	36	35	25	54	63	46	20	2 24	2 30	41 00	33 00		29	26	29	19	22
280 " " " 270 Miles..	88	78	71	64	54	49	38	37	36	26	54	64	47	20	2 25	2 31	42 00	33 00		29½	26	29	19	22
290 " " " 280 Miles..	89	79	72	65	55	51	39	38	37	26	55	65	48	20	2 26	2 32	42 00	33 00		30	27	30	20	23
300 " " " 290 Miles..	90	80	74	66	56	52	40	39	37	27	56	66	50	20	2 27	2 33	43 00	34 00		30	27	30	20	23
310 " " " 300 Miles..	91	81	75	67	57	53	41	40	39	27	57	67	51	21	2 28	2 34	43 00	34 00		31	28	31	21	24
320 " " " 310 Miles..	92	82	76	68	59	54	42	40	40	27	59	68	52	21	2 29	2 35	44 00	34 00		31	28	31	21	24
330 " " " 320 Miles..	93	83	77	69	59	55	43	41	41	27	59	69	53	21	2 30	2 36	44 00	35 00		32	28	31	21	24
340 " " " 330 Miles..	94	84	78	69	60	55	43	41	41	28	60	69	53	22	2 31	2 37	45 00	35 00		32	29	32	22	25
350 " " " 340 Miles..	95	85	78	70	60	56	43	42	42	28	60	70	54	22	2 32	2 38	45 00	35 00		33	29	32	22	25
360 " " " 350 Miles..	96	86	79	70	60	56	44	42	42	29	60	70	54	22	2 33	2 39	46 00	35 00		34	29	32	22	25
370 " " " 360 Miles..	97	87	79	70	60	56	45	42	42	29	60	70	54	22	2 34	2 40	46 00	35 00		34	30	33	23	26
380 " " " 370 Miles..	98	88	80	71	61	57	45	43	43	30	61	71	55	23	2 35	2 43	47 00	36 00		35	30	33	23	26
390 " " " 380 Miles..	99	89	81	71	61	57	45	43	43	30	61	71	55	23	2 36	2 46	47 00	36 00		35	30	33	23	26
400 " " " 390 Miles..	100	90	82	72	62	57	45	43	43	31	62	72	55	23	2 37	2 50	48 00	36 00		36	31	34	24	27

[1]This table is a reproduction from the seventeenth annual report of the Railroad Commission of the state of Florida. The rates are governed by the Florida Classification.

TABLE 6—CONTINUED[1]

SCHEDULE OF FREIGHT TARIFFS OPERATED IN THE STATE OF FLORIDA BY THE FLORIDA EAST COAST RAILWAY, EFFECTIVE NOVEMBER 1, 1910

Distances	Class Rates in Cents per 100 Pounds													Per Barrel	Per 100 Lbs.	Per Ton, 2000 Lbs.		Per Carload			Per 100 Lbs.	Per Standard Box		Per Standard Crate	
																						G		V	
	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M	N	O	P	R		C.L.	L.C.L.	C.L.	L.C.L.
410 Miles and over 400 Miles...	101	91	83	73	63	58	46	44	44	32	63	73	56	24	2 38	2 51	51 00	37 00	For Class P Rates, see page 156.	37		31	34	24	27
420 " " " 410 Miles...	102	92	83	73	63	58	46	44	44	32	63	73	56	24	2 38	2 51	51 00	37 00		37		31	34	24	27
430 " " " 420 Miles...	103	93	83	73	63	58	46	44	44	32	63	73	56	24	2 38	2 51	51 00	37 00		37		32	35	25	28
440 " " " 430 Miles...	104	94	84	74	64	59	47	45	45	33	64	74	57	25	2 39	2 52	51 00	38 00		38		32	35	25	28
450 " " " 440 Miles...	105	95	84	74	64	59	47	45	45	33	64	74	57	25	2 39	2 52	51 00	38 00		38		32	35	25	28
460 " " " 450 Miles...	106	96	84	74	64	59	47	45	45	33	64	74	57	25	2 39	2 52	51 00	38 00		38		33	36	26	29
470 " " " 460 Miles...	107	97	85	75	65	60	48	46	46	34	65	75	58	26	2 40	2 53	51 00	39 00		39		33	36	26	29
480 " " " 470 Miles...	108	98	85	75	65	60	48	46	46	34	65	75	58	26	2 40	2 53	51 00	39 00		39		33	36	26	29
490 " " " 480 Miles...	109	99	85	75	65	60	48	46	46	34	65	75	58	26	2 40	2 53	51 00	39 00		39		34	37	27	30
500 " " " 490 Miles...	110	100	86	76	66	61	49	47	47	35	66	76	59	27	2 41	2 54	53 00	40 00		40		34	37	27	30
510 " " " 500 Miles...	111	101	86	76	66	61	49	47	47	35	66	76	59	27	2 41	2 54	53 00	40 00		40		34	37	27	30
520 " " " 510 Miles...	112	102	86	76	66	61	49	47	47	35	66	76	59	27	2 41	2 54	53 00	40 00		40		35	38	28	31
530 " " " 520 Miles...	113	103	87	77	67	62	50	48	48	36	67	77	60	28	2 42	2 55	54 00	41 00		41		35	38	28	31
540 " " " 530 Miles...	114	104	87	77	67	62	50	48	48	36	67	77	60	28	2 42	2 55	54 00	41 00		41		35	38	28	31
550 " " " 540 Miles...	115	105	87	77	67	62	50	48	48	36	67	77	60	28	2 42	2 55	54 00	41 00		41		36	39	29	32

[1]This table is a reproduction from the seventeenth annual report of the Railroad Commission of the state of Florida. The rates are governed by the Florida Classification.

traffic destined to Cuba and are not available for domestic use.

TABLE 7

DISTANCES PRESCRIBED BY FLORIDA RAILROAD COMMISSION FOR APPLICATION ON LOCAL TRAFFIC BETWEEN POINTS ON THE FLORIDA EAST COAST RAILWAY

Distance From Jacksonville, Fla., To	Miles	Distance From Jacksonville, Fla., To	Miles
Bowden	5	Bayard	15
Sunbeam	9	Woodland	24
St. Augustine	47	Armstrong	49
Hastings	54	East Palatka	62
Roy	69	Neoga	80
DuPont	90	Highwood	98
Ormond	104	Daytonia	110
Port Orange	115	New Smyrna	125
Oak Hill	136	East Mims	150
Pritchards	158	Cocoa	173
Melburne	194	Malabar	200
Sebastian	215	Gifford	225
Fort Pierce	242	Ancona	249
Eden	254	Stuart	262
West Palm Beach	299	Delray	317
Fort Lauderdale	341	Miami	366
Perrine	382	Homestead	394
Jewfish	415	Central Supply	444
Long Key	458	Marathon	475
Cudjoe	500	Key West	522

The close proximity of Key West to Cuba is attracting a considerable volume of traffic to that port, but as this adjustment is specifically dealt with in the treatise devoted to export rates,[2] we deem it unnecessary to go into it at this time.

The contour of Florida is such that water competition is a controlling factor in the adjustment of rates from and to many points, Jacksonville forming the principal port of entry on the east coast, although irregular sailings are made to Fernandina. Tampa, Carrabelle,

[2]Part 4 of "Freight Rates—Western Territory."

Pensacola, and Apalachicola on the west coast afford safe harbors for steamers and sailing craft operating between these ports and Mobile, Ala., New Orleans, La., and Galveston, Tex.

(*a*) *Joint Rates*

The rule of the Florida Railroad Commission with reference to the construction of joint rates is that in the case of shipments which pass over the whole or portions of two roads not under the same control, the maximum rate charged shall not be greater than the sum of the local rates on such freights, less 10 per cent for the distance hauled over each road; in the case of shipments passing over three or more roads, the maximum rate shall not be greater than the sum of the local rates on such freights, less 20 per cent for the distance hauled over each road. The total rate thus ascertained on such freights, from the point of shipment to the point of destination, shall be divided in such proportion between the railroads over which such freights pass as to give to each railroad interested in the shipment its local rate, less 10 per cent in the case of shipments over two roads, and less 20 per cent in the case of shipments over three or more roads, for the distance such shipment is hauled, conditioned upon the initial line delivering the traffic to the delivering line at its nearest junctional point.

3. North Carolina

The scale of rates prescribed by the general assembly of the state of North Carolina was alleged by the carriers to be unremunerative and therefore unreasonable. For this reason, the governor of the state appointed a special commission to investigate the claims of the car-

riers and as a result the rates indicated in Table 8 were adopted for the use of the carriers operating within this state.

The general rules prescribed for the application of this basis of rates are as follows:

(1) The rates are subject to the Southern Classification, except where lower ratings are or may be published by the North Carolina Corporation Committee, in which case the lower ratings shall prevail.

(2) When rates are not shown for the exact distance, the charge shall be the rate prescribed for the nearest distance. In cases where the haul is equidistant, the charge shall be that for the next higher distance.

(3) When one railroad company has two or more routes between given points, the rates shall be based on the shortest route. On joint hauls the lines handling the traffic shall base their rates upon the shortest practicable route having physical connection.

(4) For joint hauls over two or more independently controlled railroads under the management of companies operating seventy-five or more miles of railroad within this state, add the following to the straight mileage rates for the total combined distance:

Classes[3].	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates...	5	4	3	3	2	2	2	2	2	2	2	1	4

In the absence of an agreed basis of division between roads participating in a joint haul, locals shall be used as factors in dividing, after first deducting the cost of transfer, if any, at interchange point.

(5) The minimum charge on small shipments shall be for actual weight at the tariff rate, but not less than 25 cents for a haul over one road, or 30 cents for a joint haul over two roads, or 40 cents for a joint haul over three or more roads.

[3]Unless otherwise provided, the rates for Class F are in cents per barrel and for the other classes in cents per 100 pounds.

TABLE 8[1]

Schedule of Maximum Reasonable Rates[2] of Freight
North Carolina, 1914

	Per Hundred Pounds											Per Ton	Per Carload			Lumber, Carload 30,000 Lbs. Per 100 Pounds	Molasses in Hhds. and Bbls. Per 100 Pounds	Rough Logs, Carload, 40,000 Pounds	Cotton in Bales, Per 100 Pounds	Fertilizer Per Ton, Carload 12 Tons
	1	2	3	4	5	6	A	B	C	D	K	L	N	O	P					
5 miles and under	$.12	$.10	$.08	$.07	$.06	$.05	$.04	$.05	$.05	$.04	$.03	$ .50	$ 9.00	$ 7.00	$ 5.00	$ .02	$ .04	$.....	$ .07	$ .60
10 miles and over 5	.15	.13	.11	.09	.08	.06	.05	.06	.06	.05	.04	.60	10.00	8.00	6.50	.02½	.05	5.00	.09	.75
15 miles and over 10	.18	.15	.13	.11	.09	.07	.06	.07	.07	.06	.04½	.70	11.00	9.00	7.50	.03	.05½	.....	.11	.85
20 miles and over 15	.21	.18	.16	.13	.10	.08	.07	.08	.08	.07	.05	.75	12.00	10.00	8.50	.03½	.06	6.00	.13	.95
25 miles and over 20	.24	.20	.18	.14	.11	.09	.08	.09	.09	.08	.05½	.80	14.00	11.00	9.50	.03½	.06½	.....	.14	1.05
30 miles and over 25	.27	.23	.20	.16	.12	.10	.08	.10	.10	.08	.06	.85	16.00	11.00	10.50	.04	.07	7.00	.15	1.10
35 miles and over 30	.29	.25	.21	.17	.13	.10	.09	.11	.10	.09	.06	.90	17.00	12.00	11.50	.04	.07½	.....	.16	1.15
40 miles and over 35	.31	.26	.22	.18	.14	.11	.09	.11	.10	.09	.06½	.95	18.00	12.00	12.00	.04	.08	8.00	.17	1.20
45 miles and over 40	.33	.27	.23	.19	.14	.11	.10	.12	.11	.09	.06½	1.00	19.00	13.00	12.00	.04½	.08½	.....	.18	1.25
50 miles and over 45	.35	.28	.24	.20	.15	.12	.10	.12	.11	.09	.06½	1.00	20.00	13.00	12.00	.04½	.09	9.00	.19	1.30
55 miles and over 50	.36	.29	.25	.20	.16	.12	.11	.13	.11	.10	.07	1.05	21.00	14.00	13.00	.04½	.09	.....	.20	1.35
60 miles and over 55	.37	.30	.26	.21	.16	.13	.11	.13	.11	.10	.07	1.05	22.00	14.00	13.00	.05	.10	10.00	.21	1.40
65 miles and over 60	.38	.31	.27	.21	.17	.13	.12	.14	.12	.10	.07	1.10	23.00	15.00	13.00	.05	.10	.....	.22	1.45
70 miles and over 65	.39	.32	.28	.21	.17	.14	.12	.14	.12	.10	.07½	1.10	24.00	15.00	14.00	.05	.11	11.00	.22	1.50
75 miles and over 70	.40	.33	.29	.22	.18	.14	.12	.15	.12	.10	.07½	1.15	25.00	16.00	14.00	.05½	.11	.....	.23	1.55
80 miles and over 75	.41	.34	.30	.22	.18	.15	.13	.15	.13	.11	.07½	1.15	26.00	16.00	14.00	.05½	.12	12.00	.23	1.60
85 miles and over 80	.42	.35	.30	.22	.19	.15	.13	.16	.13	.11	.08	1.20	27.00	17.00	15.00	.05½	.12	.....	.24	1.65
90 miles and over 85	.43	.36	.31	.22	.19	.15	.13	.16	.13	.11	.08	1.20	28.00	17.00	15.00	.05½	.13	13.00	.24	1.70
95 miles and over 90	.44	.37	.31	.23	.19	.16	.14	.16	.13	.11	.08	1.25	29.00	18.00	15.00	.06	.13	.....	.25	1.75
100 miles and over 95	.45	.38	.32	.24	.20	.16	.14	.17	.14	.12	.08	1.25	29.00	18.00	16.00	.06	.14	14.00	.25	1.80
110 miles and over 100	.47	.40	.33	.25	.20	.16	.14	.17	.14	.12	.08½	1.30	30.00	19.00	16.00	.06	.15	15.00	.26	1.85

110 miles and over 110	.49	.42	.34	.25	.21	.17	.15	.18	.15	.13	.08½	1.30	31.00	20.00	17.00	.06½	.16	16.00	.27	1.90
120 miles and over 120	.51	.44	.35	.26	.21	.17	.15	.18	.15	.13	.09	1.35	32.00	20.00	17.00	.06½	.17	17.00	.28	1.95
130 miles and over 130	.53	.45	.36	.26	.22	.18	.16	.19	.16	.14	.09	1.35	33.00	21.00	18.00	.06½	.18	18.00	.29	2.00
140 miles and over 140	.55	.47	.37	.27	.22	.18	.16	.19	.17	.14	.09	1.40	34.00	21.00	19.00	.07	.18	19.00	.30	2.10
150 miles and over 150	.57	.48	.39	.29	.24	.19	.16	.20	.17	.14	.09½	1.40	34.00	22.00	19.00	.07	.19	20.00	.31	2.20
160 miles and over 160	.59	.49	.40	.30	.26	.20	.17	.20	.18	.15	.09½	1.50	35.00	22.00	20.00	.07	.19	21.00	.32	2.25
170 miles and over 170	.60	.50	.41	.31	.26	.20	.17	.21	.18	.15	.10	1.50	35.00	23.00	20.00	.07½	.20	21.00	.33	2.30
180 miles and over 180	.61	.51	.42	.32	.28	.21	.17	.21	.18	.15	.10	1.55	36.00	23.00	21.00	.07½	.20	22.00	.34	2.35
190 miles and over 190	.62	.52	.43	.33	.29	.22	.17	.21	.19	.16	.10½	1.55	37.00	24.00	21.00	.07½	.20	22.00	.35	2.40
200 miles and over 200	.63	.53	.44	.34	.29	.22	.17	.22	.19	.16	.10½	1.60	38.00	24.00	22.00	.08	.21	23.00	.36	2.45
210 miles and over 210	.64	.54	.45	.35	.30	.23	.18	.23	.20	.17	.11	1.60	39.00	25.00	22.00	.08	.21	23.00	.36	2.50
220 miles and over 220	.64	.54	.45	.35	.30	.23	.18	.23	.20	.17	.11	1.65	40.00	25.00	23.00	.08	.21	24.00	.37	2.55
230 miles and over 230	.65	.55	.45	.35	.30	.23	.19	.24	.21	.18	.11½	1.65	40.00	26.00	23.00	.08	.22	24.00	.37	2.60
240 miles and over 240	.65	.55	.45	.36	.30	.23	.19	.24	.21	.18	.11½	1.70	41.00	26.00	23.00	.08½	.22	25.00	.38	2.65
250 miles and over 250	.65	.55	.45	.36	.30	.23	.20	.25	.22	.19	.12	1.70	41.00	27.00	24.00	.08½	.22	25.00	.38	2.70
260 miles and over 260	.66	.56	.46	.36	.31	.23	.20	.25	.22	.19	.12	1.75	42.00	27.00	24.00	.08½	.22	26.00	.39	2.75
270 miles and over 270	.66	.56	.46	.36	.31	.23	.20	.26	.23	.20	.12½	1.75	42.00	28.00	24.00	.08½	.23	26.00	.39	2.80
280 miles and over 280	.67	.57	.47	.37	.31	.24	.21	.26	.23	.20	.13	1.85	43.00	29.00	25.00	.09	.23	27.00	.40	2.90
300 miles and over 300	.68	.58	.48	.38	.31	.24	.21	.26	.24	.21	.14	1.95	44.00	30.00	26.00	.09½	.23	27.50	.41	3.00
320 miles and over 320	.69	.59	.49	.39	.31	.24	.21	.26	.24	.21	.14	2.05	45.00	31.00	27.00	.10	.24	28.00	.42	3.10
340 miles and over 340	.70	.59	.49	.39	.32	.24	.21	.27	.25	.22	.15	2.15	46.00	32.00	28.00	.10½	.24	28.50	.43	3.20
360 miles and over 360	.71	.60	.50	.40	.33	.25	.22	.27	.25	.22	.15	2.25	47.00	33.00	29.00	.11	.24	29.00	.43	3.30
380 miles and over 380	.72	.61	.50	.40	.33	.25	.22	.27	.25	.22	.16	2.35	48.00	34.00	30.00	.11½	.25	30.00	.44	3.40
400 miles and over 400	.73	.62	.51	.41	.34	.26	.22	.27	.25	.22	.16	2.45	49.50	35.00	31.00	.11½	.25	30.50	.44	3.50
420 miles and over 420	.74	.62	.51	.41	.34	.26	.22	.27	.26	.23	.17	2.55	50.00	36.00	32.00	.12	.25	31.00	.45	3.50
440 miles and over 440	.75	.63	.52	.41	.34	.26	.23	.28	.26	.23	.17	2.65	51.00	37.00	33.00	.12	.25	31.50	.45	3.60
460 miles and over 460	.76	.63	.52	.42	.35	.27	.23	.28	.26	.23	.18	2.75	52.00	38.00	34.00	.13	.26	32.00	.45	3.60
480 miles and over 480	.77	.64	.53	.42	.35	.27	.24	.29	.27	.24	.18	2.75	52.00	39.00	35.00	13	.26	32.50	.45	3.70

[1]This table is reproduced from the report of the Special Rate Commission of North Carolina.

[2]The rates in this table are governed by the Southern Classification. The rates for Classes C and D, carload shipments, are 20 per cent less than the rates shown, including hay in straight or mixed carloads with grain or grain products other than flour.

4. West Virginia

Practically all of the local traffic in West Virginia is handled subject to the Official Classification.

Both the Norfolk and Western Railway and the Chesapeake & Ohio Railway use the Official Classification as their basis for rates and employ in connection therewith a distance scale of rates which they have devised. Being in active competition with the northern trunk lines and their C. F. A. connections for business from and to the eastern seaboard, it naturally follows that the rates charged are fixed by those applied by the northern lines upon like traffic between like points. Charleston, Kenova, Huntington, Parkersburg, and Wheeling, W. Va., will be recalled as Western Termini Points.[4]

In such cases, however, where the rates are made subject to the Southern Classification, the rates are made by the carriers and approved by the railroad commission of the state.

[4]See Traffic Glossary.

CHAPTER VII

INTRASTATE RATES IN SOUTHERN TERRITORY—Continued

1. Kentucky

In the northern part of the state the line of the Chesapeake & Ohio Railway follows the Ohio River from Ashland to Cincinnati and the C. F. A. scale is applied between the stations thereon. Similarly, the south bank lines operating between Cincinnati and Louisville are in competition with the north bank lines serving the same points. Both the north bank and the south bank lines are, in turn, in competition with the river lines. This has resulted in a very low scale of rates being maintained by the respective companies. The south bank lines, however, do not apply the low rates so established to intermediate points, but hold them on a somewhat higher basis.

TABLE 9

Kentucky Distance Rates

Miles	Cents per 100 Pounds												Cents per Bbl.	Cents per 100 Lbs.	Cents per Ton	
															2,000 Lbs.	2,240 Lbs.
	Classes[1]															
	1	2	3	4	5	6	A	B	C	D	E	H	F	K	L	M
10...	10	9	8	7	7	6	6	6	5	5	6	6	10	3	60	90
20...	14	12	11	9	8	7	7	9	7	7	8	9	14	4	80	100
40...	24	22	20	15	12	10	10	13	10	9	12	15	18	5	100	120
50...	25	24	21	15	13	10	10	13	10	10	13	15	20	6	100	130
100...	28	27	24	18	16	14	14	18	11	11	16	17	20	8	120	180
150...	49	40	37	29	25	23	20	26	23	15	26	33	38	9	170	220
200...	61	51	47	36	32	28	20	26	23	18	32	33	38	10	195	240

[1]Governed by the Southern Classification.

TABLE 9—Continued

KENTUCKY DISTANCE RATES

Miles	Dollars per Car			Cents per 100 Pounds						
	Classes[1]									
	N									
	Live Stock									
	Horses, Mules, and Cattle	Single Deck		O	P	R	RR	S	T	W
		Hogs	Sheep							
10	10	10	9	3	3	4	3	3	2	4
20	12	12	10	4	4	5	3½	4	3	5
40	16	17	15	5	5	6	4¼	5	4	6
50	17	18	16	5	5	7	5	6	4	6
100	29	30	21	8	5	7½	5¼	6	4	9
150	34	36	26	10	9	11	8	7	7	11
200	44	40	31	11	10	12	8½	9	8	11

[1]Governed by the Southern Classification.

No maximum rates are established by the Kentucky Railroad Commission, but the rates established by the carriers are subject to a ratification by that board. In Table 9 are given rates between some points for representative distances, which may be taken as typical of those employed within the state.

In Table 10 are given some intrastate and interstate rates which are influenced by competitive conditions.

TABLE 10

ALL-RAIL RATES BETWEEN PADUCAH, KY., AND SPECIFIED POINTS IN KENTUCKY AND INDIANA

Between Paducah, Ky., and	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
Louisville, Ky. Jeffersonville, Ind. New Albany, Ind. Owensboro, Ky.	35	29	25	19	15	13	12	15	13	11	13	15	20
Henderson, Ky. Evansville, Ind.	34	29	24	18	13	11	9	11	9	8	13	14	16

[1]Governed by the Southern Classification.
[2]Per barrel.

2. Virginia

The Railroad Commission of Virginia, in addition to prescribing classification rules and regulations relating to storage, demurrage, car service, and the transportation of explosives by carriers, establishes mileage class and commodity rates for carriers within its borders.

In prescribing these rates, the commission paid particular heed to the density of the traffic in the various parts of the state. Rates for districts where the traffic was dense were made lower than the rates applicable in other sections of the country. Thus, we find a lower scale of state rates applicable between all stations on the Washington, Danville, and Richmond divisions of the Southern Railway (see Table 12) than is applicable on the Norfolk Division (see Table 11).

In Table 11 are given the class rates applicable upon indicated branches of the Southern Railway, while in Table 12 are given similar rates over different divisions of the same railway. The rates set forth in these tables were authorized by the State Corporation Commission of Virginia, December 31, 1913.

Specific distance rates are also announced to apply in connection with the Southern Railway upon the following commodities: Concrete blocks, grain and mill products, fertilizers, fire wood, logs, bark, lumber, and pulp wood. The list of commodity rates is not nearly as comprehensive as that announced for other lines operating in the state. For example, in Table 13 are indicated the number of rates applicable upon the Norfolk and Western Railway. It will be observed from this table that this is in a measure a continuation of the class scale.

Representative commodities assigned to these additional groups are set forth in Table 14.

TABLE 11

SOUTHERN RAILWAY COMPANY—CLASS I

APPLICABLE AS FOLLOWS:

(*a*)—Between stations on Norfolk Division.

(*b*)—Between stations on Keysville Branch in Virgi

(*c*)—Between any station on Norfolk Division and a mond, Washington or Danville Divisions in Virginia.

(*d*)—Between any station on Keysville Branch in Vi tion on Norfolk, Richmond, Washington or Danville Divis

DISTANCES	Per 100 pounds											Per bbl.	Per 100 lbs.		Per of 2 pou
	1	2	3	4	5	6	A	B	C	D	E	H	F	J	K	L
5 miles and under	15	13	12	10	8	7	6	7	6	5	8	10	12	8	4	70
10 and over 5 miles	18	16	14	11	9	8	7	9	7	6	9	11	14	9	5	75
15 and over 10 miles	22	18	15	13	11	9	8	9	8	7	11	13	16	10	5½	80
20 and over 15 miles	25	21	18	16	14	10	10	11	9	8	14	16	18	11	6	85
25 and over 20 miles	29	25	21	19	17	12	12	12	10	9	17	19	20	12	7	95
30 and over 25 miles	33	28	24	22	19	13	13	13	11	10	17	20	20	16	7½	1 00
35 and over 30 miles	35	30	25	23	20	14	13	14	12	11	17	20	20	17	7½	1 00
40 and over 35 miles	35	30	25	23	20	14	13	14	12	11	17	20	20	18	7½	1 00
45 and over 40 miles	38	33	28	23	20	15	14	15	12	11	20	20	22	18	8	1 10
50 and over 45 miles	40	35	30	23	20	15	14	15	13	12	20	20	22	19	8	1 10
55 and over 50 miles	42	38	33	23	20	16	15	16	13	12	20	20	25	19	9	1 20
60 and over 55 miles	45	40	35	24	21	16	16	18	14	13	20	21	26	20	9	1 25
65 and over 60 miles	47	42	35	24	21	16	16	19	14	13	21	22	27	21	9	1 30
70 and over 65 miles	48	43	36	24	21	16	16	19	15	13	21	23	28	21	9	1 50
75 and over 70 miles	52	44	36	24	21	17	16	20	16	14	21	23	28	21	10	1 60
80 and over 75 miles	54	45	36	24	21	17	16	20	16	14	21	24	29	21	11	1 70
85 and over 80 miles	55	46	36	24	22	17	16	20	17	14	22	25	32	22	12	1 80
90 and over 85 miles	55	46	36	25	22	17	16	20	17	14	22	26	32	22	12	1 80
95 and over 90 miles	55	47	37	25	22	17	16	20	18	14	22	27	33	22	12	1 80
100 and over 95 miles	56	47	37	25	22	17	17	21	18	15	22	28	35	22	12	1 80
110 and over 100 miles	56	47	37	26	22	17	17	21	18	15	22	28	35	23	12	1 80
120 and over 110 miles	56	48	38	26	22	17	17	21	18	15	22	28	36	23	12	1 80
130 and over 120 miles	57	48	39	26	22	18	18	21	18	15	22	29	36	23	12	1 80
140 and over 130 miles	57	48	39	27	22	18	18	21	18	15	22	29	36	24	12	1 80
150 and over 140 miles	58	48	40	28	22	18	18	21	18	15	22	29	36	24	12	1 80
160 and over 150 miles	59	49	40	29	22	18	18	21	18	15	22	29	36	24	12	1 80
170 and over 160 miles	59	50	41	29	22	18	18	21	19	15	22	29	37	25	12	1 80
180 and over 170 miles	59	50	41	29	22	18	18	21	19	15	22	29	37	25	12	1 80
190 and over 180 miles	59	50	41	29	22	18	18	21	19	15	22	29	37	25	12	1 80
200 and over 190 miles	59	50	41	29	22	18	18	21	19	15	22	29	37	26	12½	2 00
210 and over 200 miles	59	50	41	29	22	18	18	21	19	15	22	29	37	26	12½	2 00
220 and over 210 miles	60	51	41	29	23	18	18	22	19	17	23	29	37	26	14	2 00
230 and over 220 miles	62	52	41	29	23	19	19	23	19	17	23	29	37	26	14	2 00
240 and over 230 miles	63	52	42	30	25	19	19	23	19	17	25	30	38	26	14	2 00
250 and over 240 miles	65	54	42	31	27	20	20	24	20	18	27	31	40	26	14	2 10
260 and over 250 miles	67	56	44	33	29	21	21	25	22	18	29	33	43	28	15	2 10
270 and over 260 miles	69	58	46	35	30	22	22	25	22	20	30	35	45	29	16	2 20
280 and over 270 miles	72	60	48	36	31	24	24	26	24	20	31	36	46	30	16	2 25
290 and over 280 miles	74	62	48	37	32	26	26	27	24	20	32	37	48	31	17	2 30
300 and over 290 miles	75	62	50	37	32	27	26	27	24	21	32	37	49	31	17	2 30
320 and over 300 miles	76	64	52	40	34	28	28	29	26	21	34	40	52	32	18	2 30
340 and over 320 miles	79	66	53	41	37	29	29	30	26	22	37	41	52	34	19	2 40
360 and over 340 miles	82	68	55	42	38	30	30	31	26	22	38	42	53	35	19	2 50
380 and over 360 miles	83	68	55	42	39	31	31	32	27	22	39	42	53	36	20	2 60
400 and over 380 miles	84	70	57	44	39	32	32	32	27	23	39	44	55	37	20	2 70
Over 400 miles	86	72	57	45	40	32	32	33	29	24	40	45	56	38	22	2 80

[1]These rates were authorized by the State Corporation Comm are governed by the Virginia Classification with Exception Sheet N

STANFORD LIBRARIES

TABLE 12

SOUTHERN RAILWAY COMPANY—CLASS RATES[1]

APPLICABLE AS FOLLOWS:

(a)—Between all stations on the Washington, Danville and Richmond Divisions in Virginia, except Keysville Branch.

DISTANCES	Per 100 pounds											Per bbl.	Per 100 lbs.			Per ton of 2,000 pounds		Per carload of 20,000 lbs.		
	1	2	3	4	5	6	A	B	C	D	E	F	H	J	K	L	M	N	O	P
5 miles and under	12	10	8	6	5	4	4	4	4	4	5	8	6	6	3	50	60	7 00	7 00	5 00
10 and over 5 miles	16	13	11	9	7	6	6	6	6	6	7	12	9	8	4	60	70	8 00	8 00	6 00
20 and over 10 miles	20	16	13	11	9	8	7	8	7	7	9	14	11	10	5	70	90	12 00	9 00	7 00
30 and over 20 miles	24	19	15	13	11	10	8	10	8	8	11	16	13	12	6	80	1 00	14 00	10 00	9 00
40 and over 30 miles	27	22	17	15	13	10	8	10	9	8	13	18	15	14	6	90	1 10	15 00	11 00	9 00
50 and over 40 miles	30	24	19	16	14	10	8	10	10	8	14	20	16	14	6	1 00	1 20	16 00	12 00	10 00
60 and over 50 miles	33	26	21	17	15	11	9	11	11	9	15	22	17	15	7	1 00	1 20	16 00	13 00	11 00
70 and over 60 miles	36	28	23	18	16	11	9	12	12	9	16	24	18	15	7	1 00	1 20	16 00	14 00	12 00
80 and over 70 miles	39	30	25	18	16	11	10	13	12	10	16	24	18	16	8	1 10	1 30	18 00	16 00	13 00
90 and over 80 miles	40	32	27	18	16	11	11	14	12	10	16	24	18	17	8	1 20	1 40	19 00	17 00	14 00
100 and over 90 miles	40	34	27	18	16	11	11	15	12	10	16	24	18	18	8	1 30	1 50	19 00	17 00	15 00
110 and over 100 miles	40	35	27	18	16	11	11	16	12	10	16	24	18	18	9	1 30	1 50	22 00	18 00	16 00
120 and over 110 miles	42	36	28	19	17	12	12	17	13	11	17	26	19	18	9½	1 30	1 50	25 00	22 00	16 00
130 and over 120 miles	44	37	29	19	17	13	13	17	14	12	17	28	19	18	9½	1 30	1 50	28 00	22 00	16 00
140 and over 130 miles	46	38	31	21	17	14	14	17	14	12	17	28	21	19	9½	1 40	1 60	30 00	22 00	16 00
150 and over 140 miles	47	40	33	23	17	14	14	17	14	12	17	28	23	20	9½	1 50	1 70	32 00	22 00	16 00
160 and over 150 miles	48	41	33	23	18	14	14	18	14	12	18	28	23	20	9½	1 55	1 75	33 00	22 00	16 00
170 and over 160 miles	49	42	33	23	18	15	15	18	14	12	18	28	23	21	10	1 55	1 75	33 00	23 00	16 00
180 and over 170 miles	49	42	33	23	18	15	15	18	15	13	18	30	23	22	10	1 55	1 75	34 00	24 00	18 00
190 and over 180 miles	50	43	33	23	19	16	15	19	16	14	19	32	23	22	11½	1 60	1 75	34 00	25 00	18 00
200 and over 190 miles	52	44	34	24	20	16	16	20	16	15	20	32	24	24	11½	1 65	1 75	35 00	25 00	18 00
210 and over 200 miles	54	45	35	25	21	16	16	20	16	15	21	32	25	25	11½	1 70	1 75	35 00	25 00	18 00
220 and over 210 miles	56	46	36	26	22	17	17	21	17	15	22	34	26	25	11½	1 70	1 75	35 00	25 00	18 00
230 and over 220 miles	57	47	37	26	23	17	17	22	17	15	23	34	26	25	11½	1 75	1 75	35 00	25 00	19 00
240 and over 230 miles	58	48	38	27	24	18	18	23	17	15	24	34	27	25	11½	1 75	1 75	35 00	25 00	19 00
250 and over 240 miles	60	49	39	28	25	19	19	23	18	16	25	36	28	26	12	1 80	1 80	36 00	26 00	20 00
260 and over 250 miles	62	51	41	30	27	21	21	23	19	17	27	38	30	27	13	1 80	1 85	37 00	27 00	21 00
270 and over 260 miles	63	52	42	31	28	22	22	24	20	18	28	40	32	28	14	1 85	1 90	38 00	28 00	22 00
280 and over 270 miles	64	53	43	32	28	23	23	24	20	18	28	40	32	28	14	1 85	1 90	39 00	28 00	22 00
290 and over 280 miles	65	54	43	33	29	24	24	25	21	19	29	42	33	29	15	1 90	1 95	40 00	29 00	23 00
300 and over 290 miles	66	55	44	33	30	24	24	25	21	19	30	42	33	29	15	1 90	1 95	41 00	29 00	23 00
310 and over 300 miles	67	56	45	34	31	25	25	26	22	20	31	44	34	30	16	1 95	2 00	41 00	30 00	24 00
320 and over 310 miles	68	57	46	35	32	26	26	27	23	21	32	46	35	30	16	1 95	2 00	42 00	30 00	25 00
330 and over 320 miles	70	58	47	36	33	27	27	28	23	21	33	46	36	31	17	2 00	2 05	42 00	31 00	26 00
350 and over 330 miles	72	59	48	37	34	28	28	28	23	21	34	46	37	33	17	2 05	2 40	46 00	32 00	27 00
375 and over 350 miles	74	60	50	38	35	29	29	29	23	21	35	46	38	34	18	2 15	2 60	48 00	33 00	28 00
400 and over 375 miles	76	62	51	39	36	29	29	30	24	21	36	48	39	35	18	2 30	2 80	49 00	34 00	28 00
425 and over 400 miles	78	64	52	40	36	30	30	30	25	22	36	50	40	36	20	2 40	2 85	49 00	34 00	29 00
450 and over 425 miles	80	66	53	41	37	30	30	31	25	22	37	50	41	36	20	2 40	2 85	51 00	35 00	30 00
475 and over 450 miles	81	67	54	41	38	31	31	32	26	22	38	51	41	37	20	2 45	2 85	53 00	36 00	30 00
500 and over 475 miles	82	68	55	42	38	31	31	32	26	22	38	51	42	37	20	2 45	2 85	54 00	37 00	31 00

[1]These rates were authorised by the State Corporation Commission of Virginia and are governed by the Virginia Classification with Exception Sheet No. 1 thereto.

TABLE 13

The Norfolk and Western Railway Company—Commodity Rates[1]

DISTANCES	In cents per 100 pounds									Per ton 2,240 lbs.	Per cord 128 cu. ft.	Per 1,000 Brick	Per ton 2,000 pounds				
	AA	BB	CC	DD	EE	FF	GG	HH	II	JJ	KK	LL	MM	NN	OO	PP	QQ
5 miles and under	3	3	5	6	5	3	6	1½	2	80	75	50	35	35	35	60	35
10 and over 5 miles	3	3	5	7	5	3	6	1½	2½	80	80	80	35	35	35	60	35
11 miles	4	4	6	8	5	3½	8	1.9	3	90	85	90	38	38	38	70	38
12 miles	4	4	6	8	5	3½	8	2	3	90	85	90	42	42	42	70	42
13 miles	4	4	6	8	5	3½	8	2	3	90	85	90	46	45	46	70	45
14 miles	4	4	6	8	5	3½	8	2	3	90	85	90	50	45	50	70	45
15 miles	4	4	6	8	5	3½	8	2	3	90	85	90	54	45	54	70	45
16 miles	4	4	6	8	5	3½	8	2	3	90	90	90	57	50	57	70	50
17 miles	4	4	6	8	5	3½	8	2	3	90	90	90	60	50	60	70	55
18 miles	4	4	6	8	5	3½	8	2	3	90	90	90	64	50	64	70	55
19 miles	4	4	6	8	5	3½	8	2	3	90	90	90	68	50	68	70	56
20 miles	4	4	6	8	5	3½	8	2	3	90	90	90	70	50	70	70	56
25 and over 20 miles	5	5	7	9	5	4	10	2	3	1 00	95	1 00	75	55	75	80	65
30 and over 25 miles	5	5	7	9	5	4	10	2	3	1 00	1 00	1 00	85	60	1 02	80	82
35 and over 30 miles	5½	5½	8	10	5	5	11	2½	3½	1 10	1 05	1 20	95	65	1 14	90	91
40 and over 35 miles	5½	5½	8	10	5	5	11	2½	3½	1 10	1 10	1 20	1 05	70	1 26	90	1 01
45 and over 40 miles	6	6	8½	11	6	5	12	3	3½	1 15	1 15	1 40	1 15	75	1 38	1 00	1 10
50 and over 45 miles	6	6	8½	11	6	5	12	3	3½	1 15	1 20	1 40	1 15	75	1 38	1 00	1 10
55 and over 50 miles	6½	6½	9	12	6	5½	13	3½	4	1 20	1 25	1 60	1 25	80	1 50	1 10	1 20
60 and over 55 miles	6½	6½	9	12	6	5½	13	3½	4	1 20	1 30	1 60	1 25	80	1 50	1 10	1 28
65 and over 60 miles	7	7	9½	13	6½	6	14	3½	5	1 25	1 30	1 70	1 35	85	1 62	1 20	1 30
70 and over 65 miles	7	7	9½	13	6½	6	14	3½	5	1 25	1 35	1 70	1 35	85	1 62	1 20	1 30
75 and over 70 miles	7½	7½	10	14	6½	6½	15	4	5	1 30	1 35	1 80	1 45	95	1 74	1 25	1 39
80 and over 75 miles	7½	7½	10	14	6½	6½	15	4	5	1 30	1 40	1 80	1 45	95	1 74	1 25	1 39
85 and over 80 miles	8	8	10½	14½	7	7	16	4	5	1 35	1 40	1 90	1 55	1 00	1 86	1 30	1 49
90 and over 85 miles	8	8	10½	14½	7	7	16	4	5	1 35	1 40	1 90	1 55	1 00	1 86	1 30	1 49
95 and over 90 miles	8½	8½	11	15	8	7½	17	4	6	1 40	1 40	2 00	1 65	1 05	1 98	1 35	1 58
100 and over 95 miles	8½	8½	11	15	8	7½	17	4	6	1 40	1 40	2 00	1 65	1 05	1 98	1 35	1 58
110 and over 100 miles	9	9	11½	15½	9	7½	18	4½	6	1 45	1 50	2 10	1 70	1 10	2 04	1 40	1 63
120 and over 110 miles	9½	9½	12	16	9	7½	19	4½	6	1 50	1 50	2 20	1 75	1 15	2 10	1 45	1 68
130 and over 120 miles	10	10	12½	16½	9	9	20	5	7	1 55	1 50	2 30	1 80	1 20	2 16	1 50	1 72
140 and over 130 miles	10½	10½	13	17	10½	9	21	5	7	1 60	1 50	2 40	1 85	1 25	2 22	1 55	1 78
150 and over 140 miles	11	11	13½	17½	11	10	22	5	7	1 65	1 50	2 50	1 90	1 30	2 28	1 60	1 82
160 and over 150 miles	11½	11½	14	18	111	10	23	5½	8	1 70	1 60	2 55	1 95	1 35	2 34	1 65	1 87
170 and over 160 miles	12	12	14½	18½	11½	11	24	5½	8	1 75	1 60	2 60	2 00	1 40	2 40	1 70	1 92
180 and over 170 miles	12½	12½	15	19	11½	11	25	5½	8	1 80	1 60	2 65	2 05	1 45	2 46	1 75	1 97
190 and over 180 miles	12½	13	15	19	12	12	26	5½	9	1 85	1 60	2 70	2 10	1 50	2 52	1 80	2 02
200 and over 190 miles	13	13½	15	19	12	12	27	5½	9	1 85	1 60	2 75	2 15	1 50	2 58	1 85	2 06
210 and over 200 miles	13	14	15	19	12½	12	28	6	10	1 90	1 70	2 85	2 20	1 50	2 64	1 85	2 11
220 and over 210 miles	13½	14½	16	20	12½	12	29	6	10	1 90	1 70	2 90	2 20	1 50	2 64	1 90	2 11
230 and over 220 miles	13½	14½	16	20	12½	12	29	6	10	1 95	1 70	3 00	2 30	1 50	2 76	1 95	2 21
240 and over 230 miles	13½	14½	16	20	13	12	29	6½	10	1 95	1 70	3 10	2 40	1 50	2 88	2 00	2 30
250 and over 240 miles	13½	14½	16	20	13	12	29	6½	10	2 00	1 70	3 20	2 50	1 50	3 00	2 05	2 40
260 and over 250 miles	13½	15	16	20	13	12	30	6½	10	2 00	180	3 30	2 60	1 50	3 12	2 10	2 50
270 and over 260 miles	13½	15	16	20	13½	13	30	7	10	2 05	1 80	3 40	2 70	1 50	3 24	2 15	2 59
280 and over 270 miles	13½	15	16	20	13½	13	30	7	11	2 05	1 80	3 50	2 80	1 50	3 36	2 20	2 69
290 and over 280 miles	13½	15	16	20	13½	13	30	7	11	2 10	1 80	3 60	2 90	1 50	3 48	2 25	2 78
300 and over 290 miles	13½	15	16	20	14	13	30	7½	11	2 10	1 80	3 70	2 90	1 50	3 48	2 30	2 78
310 and over 300 miles	14	15½	16	20	14	13	30	7½	11	2 15	....	3 80	3 00	1 50	3 60	2 35	2 88
320 and over 310 miles	14	15½	16	20	14	13	30	7½	12	2 15	....	3 90	3 00	1 50	3 60	2 40	2 88
330 and over 320 miles	14	15½	16	20	14	13	30	7½	12	2 20	....	4 00	3 10	1 50	3 72	2 45	2 98
340 and over 330 miles	14	15½	16	20	14½	13	30	7½	12	2 20	....	4 10	3 10	1 50	3 72	2 50	2 98
350 and over 340 miles	14	15½	16	20	14½	13	30	7½	13	2 25	....	4 20	3 20	1 50	3 84	2 55	3 07

[1]These rates were authorized by the State Corporation Commission of Virginia.

TABLE 14

SPECIAL COMMODITY CLASSIFICATION

COMMODITY	CLASS	COMMODITY	CLASS
Ashes, coal	MM	Blocks, paving	II
Bone dust, C. L.	OO	Brick, C. L.	LL
Building material, brick and wooden	GG	Cement, C. L.	FF
Cinders, C. L.	HH	Gravel, C. L.	RR
Iron and steel articles as per special list, C. L.	CC	Pig iron, C. L.	JJ
L. C. L.	DD	Lime, agricultural, L. C. L.	QQ
Felt, C. L.	EE	Lumber, oak hemlock, spruce, C. L.	AA
Wood, fire, C. L.	KK	Logs, except oak, hemlock, and spruce	BB

A very large per cent of the earnings of the Virginian Railway is derived from its coal traffic. It is interesting to note the scale of rates which has been provided by the commission for this commodity over this railroad. These rates are reproduced in Table 15.

TABLE 15

VIRGINIAN RAILWAY COMPANY—COMMODITY RATES[1]

COAL, CARLOADS

Minimum weights: On Anthracite, 30,000 pounds; on Bituminous, 40,000 pounds.

Per ton 2,000 pounds

DISTANCES	Rate	DISTANCES	Rate
10 miles and under	$ 55	180 and over 170 miles	$1 85
15 and over 10 miles	60	190 and over 180 miles	1 85
20 and over 15 miles	75	200 and over 190 miles	1 90
30 and over 20 miles	95	210 and over 200 miles	1 90
40 and over 30 miles	1 10	220 and over 210 miles	1 95
50 and over 40 miles	1 25	230 and over 220 miles	1 95
60 and over 50 miles	1 35	240 and over 230 miles	1 95
70 and over 60 miles	1 45	250 and over 240 miles	1 95
80 and over 70 miles	1 50	260 and over 250 miles	2 00
90 and over 80 miles	1 55	270 and over 260 miles	2 00
100 and over 90 miles	1 60	280 and over 270 miles	2 05
110 and over 100 miles	1 60	290 and over 280 miles	2 10
120 and over 110 miles	1 65	300 and over 290 miles	2 10
130 and over 120 miles	1 65	310 and over 300 miles	2 15
140 and over 130 miles	1 70	320 and over 310 miles	2 15
150 and over 140 miles	1 75	330 and over 320 miles	2 15
160 and over 150 miles	1 75	340 and over 330 miles	2 15
170 and over 160 miles	1 80	350 and over 340 miles	2 20

[1]These rates were authorised by the State Corporation Commission of Virginia.

3. South Carolina

The Railroad Commission of South Carolina not only prescribes regulations and rules concerning transportation in general, demurrage, storage, milling in transit, and exceptions to the Southern Classification, but it also prescribes class and commodity rates applicable within the state of South Carolina. The commission prescribes a standard class tariff and commodity tariffs for a number of other commodities. These commodity tariffs are

TABLE 16

Freight Rates Applying on Classified Traffic in South Carolina[1]

Miles	Cents per 100 Pounds												Cents per Bbl.	Cents per 100 Lbs.	
	Classes[2]														
	1	2	3	4	5	6	A	B	C	D	E	H	F	J	K
5	12	11	9	7	6	6	6	6	5	4	6	8	10	6	5
20	24	22	19	16	13	12	10	12	8	7	13	14	15	10	8
40	36	32	28	26	19	18	13	16	10	9	19	24	19	19	9
100	55	48	39	34	26	23	17	21	15	13	26	34	30	28	12
200	67	57	49	44	36	27	21	24	21	16	34	42	42	37	14
300	77	67	59	54	46	32	22	27	24	19	39	47	48	42	16

[1]All joint rates are 80 per cent of the local rates of the individual line.
[2]Governed by the Southern Classification.

TABLE 16—Continued

Freight Rates Applying on Classified Traffic in South Carolina[1]

Miles	Cents per Ton, 2,000 Lbs.		Dollars per Carload, 20,000 Lbs.			Cents per 100 Lbs.	
	Classes[2]						
	L	M	N	O	P	R	U
5	40	80	10	6	6	5	6
20	60	115	13	11	9	8	8
40	80	140	17	13	11	10	12
100	120	205	27	19	12¾	14	15
200	170	265	33⅓	25½	14¾	18	18
300	220	320	38⅓	30	17¼	21	22

[1]All joint rates are 80 per cent of the local rates of the individual line.
[2]Governed by the Southern Classification.

published as special tariffs and are applicable within the state except in cases where tariffs for individual roads take precedence. Table 16 shows the local mileage rates on classes prescribed by the commission.

Joint rates are 20 per cent less than the sum of the local rates. These rates are maximum rates only and the carriers may make lower rates provided no discrimination is caused thereby.

Table 17 shows the rates on a certain number of commodities for certain distances. This table was compiled from the several commodity tariffs prescribed by the commission. The special commodity rates prescribed for individual carriers are sometimes lower and sometimes higher than these rates which have general application. On the lines of dense traffic, the rates are lower than on the lines where traffic is not so dense.

TABLE 17[1]

REPRESENTATIVE RATES APPLICABLE UPON SPECIFIC COMMODITIES IN SOUTH CAROLINA[2]

Miles	Lumber Dollars per C. L. of 24,000 Lbs.	Fertilizers Cents per Ton of 2,000 Lbs. Min. C. L. 20,000 Lbs.	Cotton Cents per 100 Lbs.	Cord Wood Cents per Cord Min. C. L. 10 Cords	Cotton Piece Goods Cents per 100 Lbs.	Starch Cents per 100 Lbs. Min. C. L. 20,000 Lbs.
5.....	5	75	7	40	9	9
20.....	8	95	10	50	12	13
40.....	10	125	18	70	14	17
100.....	13½	185	26	105	20	20
200.....	16½	260	35	...	28	23
300.....	19½	275	43	...	30	25

[1]The rates in this table are governed by the Southern Classification.
[2]All joint rates are 80 per cent of the local rates of the individual line.

4. ALABAMA

The state of Alabama does not prescribe class rates. It does, however, prescribe certain mileage rates on a number of commodities, which rates may not be exceeded by the carriers.

In Tables 18 and 19 are given representative class rates applying between points in Alabama. These rates are announced by the carriers.

TABLE 18

CLASS RATES FROM BIRMINGHAM, ALA., TO ALABAMA COMMON AND LOCAL POINTS

From Birmingham, Ala., to the Following Points in Alabama	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[3]
Sylacauga	39	32	30	22	20	16	12	16	13	9	20	22	26
Sycamore[2]	47	41	36	31	27	22	18	24	14	11	24	27	28
Talladega	52	45	40	32	25	20	20	21	12	11	27	30	24
Calera	29	25	22	19	18	17	17	17	11	9	17	17	22
Thorsby[2]	37	32	28	25	24	22	22	22	12	10	22	22	24
Montgomery	50	44	38	29	24	19	18	17	15	11	27	19	22
Wellington	45	42	36	34	30	19	18	19	13	12	30	30	26
Woodruff[2]	62	53	47	39	36	30½	29	30	18	15	32½	30	36
Anniston	46	40	38	32	25	20	20	21	12	11	27	30	24
Selma	50	44	38	29	24	19	18	17	15	11	27	19	22
Andalusia	72	62	54	49	44	38	31	35	20	16	40	40	40
Pera[2]	78	67	57	52	47	43	43	43	22	17	43	43	44
Samson	80	69	58	53	48	44	38	42	22	17	44	44	44
Huntsville	65	52	46	41	35	30	30	30	25	20	35	41	50
Hollywood[2]	55	45	40	35	30	25	25	25	20	18	30	35	40
Ozark	91	80	71	56	46	39	33	34	24	20	46	48	41
Troy	85	74	62	50	41	35	28	31	24	20	41	42	41
Eufaula	64	55	50	39	31	24	20	24	15	14	30	34	30
Opelika	57	49	45	35	28	22	16	22	14	13	27	31	28
Franklin[2] (Macon Co.)	74	62	52	42	34	27	24	30	24.3	20	35	45	44
Dothan	94	81	77	61	52	42	33	34	24	20	52½	51	41
Tuscumbia	50	43	36	30	24	20	15	17	17	13	23	28	26
Leighton[2]	64	54	46	37	28	26	29	31	26	21	28	37	52
Decatur	50	46	38	29	24	21	18	17	16	13	28	32	30
Elko[2]	55	45	40	35	30	25	25	25	20	18	30	35	40
Whitehall[2]	74.7	65.7	59.4	49	41	34	31	32	23.4	19.8	43	39	42
Roba	87.3	74.7	65.7	52	43	37	32.4	34	26.1	22.5	44.1	46	52.2
Hurtsboro	82	68	60	50	42	35	28	28	24	22	40	45	46
Billingsley	70	60	54	47	42½	32	31	32	23	19	41½	40	44
Tuscaloosa	47	40	33	26	24	19½	18	19	12	10	21½	25	24
Chinneby	56	48	43	38	33	28	26	28	16	13	31	31	34
Georgiana	66	57	50	45	40	37	37	37	19	15	37	37	38
Mobile	69	58	51	38	30	26	19	18	18	13	21	45	31

[1]Governed by the Southern Classification.
[2]Intermediate points.
[3]Per barrel.

5. MISSISSIPPI

The state of Mississippi does not prescribe rates for the carriers, but it modifies or approves tariffs promulgated by the carriers upon traffic moving within its borders. The state once prescribed classification of freight, but this has been supplanted by the Southern

TABLE 19

Class Rates from Mobile, Ala., to Alabama Common and Local Points

From Mobile, Ala., to the Following Points in Alabama	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[3]
Ida[2]	72	62	54	49	44	40	37	37	22	19	40	40	44
Thorsby[2]	72	62	54	49	44	40	38	40	22	17	40	40	44
Montgomery	50	40	30	24	20	20	15	20	14	12	24	19	24
Akron	79	69	58	45	42	31	20	23	16	12	39	25	24
Brown[2]	72	62	53	45	38	33	28½	31	22	19	43	41	42
Selma	50	40	30	24	20	20	15	20	14	12	24	19	24
Eutaw[2], Stewart[2]	79	69	58	45	42	31	20	23	24	20	39	19	48
Prattville	62	50	38	32	28	28	20	25	19	17	29	24	34
Robs[2]	92	76	62	47	39	36	30	37	27	24	43	46	50
Hurtsboro	98	80	66	50	42	38	31	38	29	25	46	49	60
Thompson[2]	88	70	58	45	39	35	30	36	25	22	43	41	46
Union Springs	90	73	60	46	40	36	31	37	25	22	44	43	52
Youngblood[2]	88	74	62	54	44	39	34	38	27	24	43	43	50
Troy	88	69	58	48	41	37	30	33	24	21	45	45	48½
Red Level[2]	62	53	47	42	37	34	34	34	18	15	34	34	36
Andalusia	66	57	50	45	40	37	37	37	19	15	37	37	38
Pera[2], Samson[2]	72	62	54	49	44	37	37	37	20	16	40	40	40
Alred[2]	104	86	70	57	47	41	35	41	31	25	51	45	58
Perdido[2]	32	27	24	21	20	19	19	19	11	9	19	19	22
Whitehall[2]	78	66	54	44	37	33	28	35	24	21	42	39	44
Ozark	88	69	58	48	41	37	30	33	24	21	45	48	48½
Brundidge[2]	98	84	69	59	49	44	39	41	30	26	48	48	56
Jonesville[2]	101	83	68	55	46	40	33	40	30	26	50	50	56
Three Notch Road[2]	95	78	64	48	41	37	32	39	27	24	45	46	50
Eufaula	89	76	67	51	45	34	20	27	20	16	41	36	32
Guerryton[2]	98	80	66	53	45	38	31	38	29	25	49	48	54
Seale[2]	100	84	70	54	45	38	31	42	31	26	53	37	54
Motts[2]	100	84	74	54	47	40	29	42	31	24	54	46	54
Opelika	89	76	67	51	45	34	20	27	20	16	41	36	22
Franklin[2]	85	72	58	46	39	35	30	37	25	22	44	45	46
Dothan	88	69	58	48	41	37	30	33	24	21	45	48	48½
Newton[2]	112	94	76	66	55	48	43	43	32	27	52	54	60
Barnes Cross Roads[2]	118	97	82	63	52	45	33	43	33	28	59	56	58
Hartford[2]	120	100	80	69	58	51	45	45	38	31	71	64	70
Florala	72	62	54	49	44	40	40	40	21	17	40	40	42
Hacoda[2]	120	100	78	69	58	53	45	48	38	24	62	61	70
Huntsville	79	72	55	41	37	29	20	27	20	16	32	36	32
Hollywood[2]	115	103½	82	63½	55	44	36	43	32	27	50	58½	55
Birmingham	79	69	58	45	42	31	20	23	16	12	39	25	24
Moragne[2]	72	62	54	49	44	38	26	33	21	19	40	40	42
Attalla	84	73	64	49	43	32	20	27	20	16	39	42	32
Tuscaloosa	79	69	58	45	42	31	20	23	22	16	39	27	36
Shiras[2]	76	65	56	51	46	37	26	29	23	20	42	33	46
Fleming[2]	79	69	58	45	42	31	20	23	30	28	39	19	54
York	79	69	58	45	42	31	20	23	16	12	39	25	24
Pell City	100	86	76	55	52	42	33	39	27	22	52	53	46
Eden[2]	100	86	76	55	52	45	33½	37	25	20	52	47	42
McFall[2]	94	83	74	50	48	37	32	40	28	23	52	54	48

[1]Governed by the Southern Classification.
[2]Intermediate points.
[3]Per barrel.

Classification and by exceptions applicable to the carriers within the state of Mississippi. The rates of the several

carriers are revised and approved by the Railroad Commission of Mississippi. Tables 20 and 21 show class rates which were promulgated by the Yazoo & Mississippi Valley Railroad and approved and adopted by the Railroad Commission of Mississippi. Different tariffs apply over the lines within the state, but the rates are usually quite similar. The rates along the Mississippi River are somewhat less than the interior rates.

TABLE 20

LOCAL CLASS RATES APPLICABLE BETWEEN STATIONS ON THE YAZOO & MISSISSIPPI VALLEY RAILROAD IN MISSISSIPPI

Miles	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
5 and less	20	17	14	12	10	9	7	8	11	6	9	..	18
10 and over 5	25	21	18	15	13	11	9	10	12½	6	11	..	20
15 " " 10	30	25	21	18	15	13	11	12	14	7½	13	..	22
20 " " 15	33	28	24	20	17	15	12	14	15	9	15	..	23
25 " " 20	36	31	26	22	19	17	13	15	16	10	17	..	24
30 " " 25	39	34	28	24	21	18	14	16	16	10	18	..	24
35 " " 30	42	36	30	26	22	19	15	17	17	11	20	..	26
40 " " 35	45	38	32	28	23	20	16	17	17	11	21	..	27
45 " " 40	48	40	34	29	24	21	16	18	18	11	22	..	28
50 " " 45	50	42	35	30	25	22	17	19	18	11	23	..	29
75 " " 70	56	47	40	35	28	25	19	21	21	14	26	..	34
100 " " 95	60	52	44	37	30	27	20	23	22½	16	28	..	36
130 " " 120	64	55	46	39	32	29	22	24	23½	17½	29	..	38
150 " " 140	66	57	47	40	33	30	22	25	24	17½	30	..	39
200 " " 190	70	60	49	42	35	31	23	26	25½	20	31	..	41
250 " " 240	72	61	51	43	36	32	24	27	27	21	32	..	44
300 " " 290	72	61	51	43	36	32	24	27	29	23	32	..	46

[1]Governed by the Southern Classification.
[2]Per barrel.

6. LOUISIANA

The state of Louisiana, being divided by the Mississippi River, is rather peculiar in its control of freight rates. The part of the state lying west of the river is governed by the Western Classification, which classification is approved by the Railroad Commission of Louisiana. The Southern Classification and exceptions thereto govern the shipments moving wholly within the part of Louisiana lying east of the Mississippi River. The state

TABLE 21

Joint Class Rates Applicable Between Stations on the Yazoo & Mississippi Valley Railroad and its Connections in Mississippi

Miles	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
5 and less	18	15	13	11	9	8	6	7	10	5	8	..	16
10 and over 5	22½	19	16	13½	12	10	8	9	11	5	10	..	18
15 " " 10	27	22½	19	16	13½	12	10	11	13	7	12	..	20
20 " " 15	30	25	22	18	15	13½	11	13	13½	8	13½	..	21
25 " " 20	32	28	23	20	17	15	12	13½	14	9	15	..	22
35 " " 30	38	32	27	23	20	17	13½	15	15	10	18	..	22½
40 " " 35	40½	34	29	25	21	18	14	15	15	10	19	..	23
45 " " 40	43	36	31	26	22	19	14	16	16	10	20	..	25
50 " " 45	44	37	31	26	22	20	14	16	16	10	20	..	25½
75 " " 70	48	40	34	30	24	21	16	18	18	12	22	..	29
100 " " 95	51	44	37	31	25½	23	17	20	19	14	24	..	31
130 " " 120	53	46	38	32	26	24	18	20	19	14	24	..	31
150 " " 140	53	46	38	32	26	24	18	20	19	14	24	..	31
200 " " 190	56	48	39	34	28	25	18	21	20	16	25	..	33
250 " " 240	58	49	41	34	29	26	19	22	22	17	26	..	35
300 " " 290	58	49	41	34	29	26	19	22	23	18	26	..	37

[1]Governed by the Southern Classification.
[2]Per barrel.

does not prescribe any classification of its own, but approves the application of these two classifications to the two sections of the state. The commission is likewise vested with the control over the water carriers operating within the state and prescribes both class and commodity rates on freight shipped between points on the Mississippi River by boat. The commission, however, in its report, stated as follows:

> Steamboat transportation on the waterways in the State of Louisiana continues its gradual decline and has become of such small importance that it may be said to be disappearing, except for relatively short distances on only a few of the navigable streams. The Commission has always been ready to grant every opportunity to the boats to increase their resources, but the traffic has not increased, and the indications do not point to any improvement in the immediate future.

In so far as rail traffic is concerned, the commission revises and approves all tariffs issued by the rail carriers naming rates for the transportation of freight within its

borders. Table 22 shows the class rates on freight moving between local stations on the New Orleans & Northeastern Railroad in Louisiana. Water carriers have their rates approved in the same manner.

TABLE 22

DISTANCE RATES APPLICABLE ON THE NEW ORLEANS & NORTHEASTERN RAILROAD IN LOUISIANA

Miles	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[2]
5	20	16	14	12	10	7	12	13	10	7	12	14	20
20	36	30	24	18	15	12	15	16	14	10	20	24	28
30	48	40	32	24	20	15	17	20	16	12	24	32	32
40	60	50	40	30	25	19	20	22	17	14	26	35	34
45	64	52	42	32	27	21	22	24	18	15	26	35	36

[1]Governed by the Southern Classification.
[2]Per barrel.

CHAPTER VIII

RATES ON INLAND WATERWAYS

1. Character of Service

Having now set forth the rail rates applicable within the several states comprising Southern Territory, it is well to consider, before passing on to the interstate adjustment, some of the rates applicable upon the more important waterways within this territory, as the active or potential competition of the water routes fixes in a great measure the maximum rates which the rail lines can exact.

Water rates, except in instances where the operating companies are under the jurisdiction of the Interstate Commerce Commission, are not stable. For this reason, due allowance should be made for any discrepancy in the rates given in this treatise which may be developed from actual experience at some subsequent time.

At the present time, in so far as the Interstate Commerce Commission is concerned, the water lines which are operated independently of any railroad ownership or control, or which do not publish through rates in conjunction with rail lines, are not amenable to the Act to Regulate Commerce and consequently do not file their tariffs; neither are they compelled to adhere to such rates as they may make between the points that they serve.

Where the traffic is heavy and where the difference between the rail rate and the water rate affords a

sufficient justification for the use of the water routes, the common carrier business by water frequently offers a remunerative return on an investment; the established lines are therefore often troubled with the competition of what they term "tramp boats" and "charter traffic." As a result, there are frequent rate wars terminating either in the failure and retiring of one of the contestants, or in mutual concessions on the part of the belligerents. These concessions usually result in an agreement as to what rates are to be maintained; frequently they bring about a division of the traffic, which is in effect the elimination of competition.

Many primitive means of transportation are still employed upon these waterways, which in a measure depress not only the rail rates, but those of the boat lines as well. Logs, for example, are still cut near the head waters of these streams and are branded and floated down the river to some concentrating point, where they are made up into rafts and floated down the river to some milling point. Again, small boats of the gasoline type and flat boats are operated in a limited field, their owners doing a trading business as well as a carrying business, which interferes with the operation of the established water lines.

2. Ohio River

From the statistics dealing with the tonnage moving on the different rivers in this territory, it will be noted that by far the greatest per cent thereof is on the Ohio River, which is navigable its entire length from Pittsburgh, Pa., to its mouth, below Cairo, a distance of some 967 miles.

The greater part of the tonnage referred to consists, however, of coal which moves from the western Pennsylvania and West Virginia regions. This commodity

is very economically handled by being loaded into open barges which have a capacity equivalent to fifteen or twenty ordinary coal cars. As twenty or more of these barges are easily handled by the ordinary tow boat, which is operated at a slight expense per day, the advantage of this means of transportation is readily appreciated. In fact, bituminous coal may be purchased on the barge at Cincinnati at a cost not greatly in excess of three dollars per ton. The cost of unloading the coal varies with the means employed and the distance necessary to remove it from the barge. The lines engaged in this traffic, however, do not handle other traffic except in special cases, for they do not hold themselves out as common carriers, but are operated solely in the interests of marketing coal for their owners.

The principal water lines engaging in a common carrier business on the Ohio River are: The Green Line, operating to the landings on the Ohio River above Cincinnati; the Louisville and Cincinnati Packet Company, serving all way points between Cincinnati and Louisville; and the Lee Line Steamers, serving all river landings on the Ohio River below Louisville and on the Mississippi River between Memphis, Tenn., and St. Louis, Mo.

Representative rates via some of these routes are as follows:

Classes	1	2	3	4	5	6
Rates between Louisville, Ky., and Owensboro, Ky.	26	22	18	12	10	8
Rates between Louisville, Ky., and Evansville, Ind.	26	22	18	12	10	8
Rates between Louisville, Ky., and Cincinnati, Ohio.	25	22	17	12	9	8
Rates between Evansville, Ind., and Owensboro, Ky.	18	15	13	10	9	8

The above rates are governed by the Official Classification, while the following are governed by the Western.

Classes	1	2	3	4	5	A	B	C	D	E
Rates from Louisville, Ky., to Memphis, Tenn	53	41	38	30	24	23	20	15	12	10

3. Green and Barren Rivers

The Green River, together with the Barren River, forms a body of water navigable for a distance of 227 miles. There are, aside from Bowling Green, Ky., which has a population somewhat in excess of 9,000, few points of any traffic importance and, as may be inferred, there is not a great deal of traffic involved in this instance.

The Evansville & Bowling Green Packet Company affords a semi-weekly service between Evansville and Bowling Green and a weekly service between Evansville and Mammoth Cave, located on the head waters of the Green River.

The tariff of this company which names the rates between the termini and the intermediate points is published rather in the form of an exception sheet, inasmuch as certain specific articles are singled out and given individual rates, while articles not classified are taken at the ratings provided for general merchandise, which term includes all articles that are not specifically rated.

The freight rates between Evansville, Ind., and Bowling Green, Ky., include delivery to the consignee's warehouses, stores, etc., which are located within the recognized municipal limits of Bowling Green, of all commodities except furniture, corn, wheat, and woven wire fencing, on which the rates apply to the Bowling Green landing only. The general merchandise rate between Evansville, Ind., and Bowling Green, Ky., is 20 cents per 100 pounds. We find such commodities as apples rated at 25 cents per barrel; ale and beer, 20 cents per keg; large boilers, 25 cents per 100 pounds; bran and feed in sacks, 12½ cents per 100 pounds; common brick, $5 per M; brooms, 10 cents per dozen; empty cases returned, 8½ cents each; corn, wheat, and rye, 7 cents per 100 pounds; organs and pianos, boxed, 50 cents per 100

pounds; empty trunks, 40 cents per 100 pounds; passenger vehicles, K. D., boxed and crated, 40 cents per 100 pounds; wooden and willow ware, 35 cents per 100 pounds; and wire fencing in rolls, 15 cents per 100 pounds.

In Table 23 are given some representative commodity and general merchandise rates applicable between Evansville, Ind., and Mammoth Cave, Ky.

TABLE 23

FREIGHT RATES APPLICABLE BETWEEN EVANSVILLE, IND., AND MAMMOTH CAVE, KY.

COMMODITY	RATE IN CENTS
General merchandise	40 per cwt.
Agricultural implements, L. C. L.	45 " "
Boots and shoes, in boxes	45 " "
Brooms, in boxes, bundles, or crates	17 per doz.
Cement, Portland, in bbls., 400 lbs. per bbl.	45 per bbl.
Chairs, rocking, cane seat, without arms	85 per doz.
Coal	10 per bu.
Eggs, 30 doz. cases	30 per case
Axe handle timber	400 per cord
Bananas, in bunches, sacked, or crated	30 per bunch
Grapes, in baskets	8 per basket
Watermelons	8 each
Live stock, viz., cattle	150 per head
Calves, not exceeding 350 pounds	135 " "
Horses and mules	75 " "
Hogs	400 " "
Mattresses, in bales, 5 or 6 per bale	300 per bale
Show cases, in boxes or crates	40 per linear foot

From Table 23 it will be noted that these rates are prescribed in every conceivable manner and are not on a uniform basis of 100 pounds, as is the case with the rail rates.

4. MISSISSIPPI RIVER

In so far as traffic on the Mississippi River is concerned, the following facts gleaned from the opinion of the Interstate Commerce Commission with reference to the petitions of the carriers in Southern Territory to

violate the fourth section of the Act to Regulate Commerce are especially relevant.[1]

The first steamboat (The New Orleans) that operated on the Mississippi River, left Pittsburgh, October 20, 1811, and reached New Orleans early in January, 1812. Not until May, 1815, had any steamboat succeeded in ascending the river as far as the falls of the Ohio at Louisville. By the end of the year 1819, however, 60 steamboats had been built to operate on the Ohio and Mississippi rivers. During the period 1820 to 1830 the most important points in the steamboat trade were Louisville, Ky., Nashville, Tenn., Vicksburg and Natchez, Miss., and New Orleans and Bayou La Fourche, La. * * * During the season ending August 31, 1860, the total commerce on the river reached the enormous value of $289,565,000. The arrivals of boats at New Orleans that year were 4,002, of which 605 came from the upper Atlantic coast, 180 from the lower Atlantic coast, 12 from Peoria, Ill., 206 from Cincinnati, 172 from Louisville, 8 from Evansville, Ind., 108 from Greenville and Bends, Miss., 110 from Memphis, 526 from Pittsburgh, 4 from Paducah, 472 from St. Louis, 211 from Vicksburg, and the remainder from the various tributaries of the Mississippi River.

During the years from 1861 to 1865 the commerce of the Mississippi River was interrupted by the war. * * * In order to profitably employ the large number of steamboats in the Mississippi River at the close of the Civil War, the Atlantic & Mississippi Steamship Company was organized with a capital of $2,240,000. It owned about 20 boats, some of which were the finest then afloat. This company failed after two or three years and was succeeded by the St. Louis & New Orleans Packet Company, which later was organized as the Merchants Southern Line Packet Company. The latter named company was succeeded by the Anchor line, which covered the entire territory from St. Louis to New Orleans and operated for a number of years. During the period 1874 to 1896 this company operated regularly from 12 to 14 steamers. The usual service afforded by it was 2 boats per week between St. Louis and New Orleans, and 3 boats per week between St. Louis and Vicksburg.

A statement of tonnage moving by water between St. Louis and New Orleans indicates, in so far as southbound traffic to New Orleans is concerned, that from a maximum of 627,627 tons in 1880 the tonnage had dwindled to 3,175 tons in 1904.

[1] 30 I. C. C. Rep., 226.

While these statements show during the years subsequent to 1901 a constantly dwindling river traffic, they show that, for a period prior to that date, this traffic was large and important in amount, and evidently worth fighting for.

Below is shown a chronological statement of the rates on the first six classes from Louisville to New Orleans, 1879 to date:

Date	1	2	3	4	5	6
Nov. 24, 1879	105	75	65	45	35	30
Sept. 28, 1880	107	77	67	45	35	30
Nov. 5, 1883	100	77	65	45	35	30
Jan. 7, 1884	98	77	63	40	35	30
Feb. 1, 1884	75	65	55	40	35	30
Aug. 1, 1887	90	75	65	50	40	35

The rates applicable via the water lines from St. Louis, East St. Louis, and Cape Girardeau to New Orleans and other points on the lower Mississippi River are shown as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates to Memphis	50	40	35	25	20	18	10	19	10	8	15	32	20
Rates to New Orleans	60	50	45	35	30	25	18	20	18	16	20	40	35

These classes are applicable in connection with the Mississippi Valley Transportation Company and are governed by the Southern Classification.

* * * It is evident from the tonnage statistics relative to the actual movement of freight from St. Louis to New Orleans that this tonnage by water did not materially decrease until about the year 1898, 11 years after the establishment of the present scale of rail rates. At the time this testimony relative to the rates in the Mississippi Valley was taken (June, 1912) there were no regular boat lines in operation from Ohio River points or St. Louis to New Orleans. Regular service of this character had not been furnished for some years. * * * There is reason for believing that the rates to New Orleans, when established by the rail lines in 1887 and since maintained, were necessitated by an active compelling water competition. Without doubt the changing demands of commerce, the increased facilities of the railroads, their better organization and

regularity of service have been influential in winning for them not only a share of the traffic but nearly all of the traffic The water competition, once actual and compelling, is still, however, potential, and it is most earnestly contended by the petitioners herein that any substantial increase in the rates to New Orleans will have the effect of reestablishing the water competition, with consequent loss of traffic and revenue to the rail lines. * * *[2]

A slight difference in the rates would hardly justify the patronage of a water line when a rail rate was available, for in practically all of the river cities levees of various widths, heights, and lengths have to be constructed to protect the city and to provide a solid foundation for the accommodation of wheel traffic. A varying oscillation[3] in the river stage at various points on the river prohibits the construction of vertical wharves such as are employed at the seaboard and the Great Lakes, where vessels discharge their cargoes almost on the street level. The gradient[4] of some of these levees is extreme and in some cases five or six blocks in length. Deliveries are usually effected to or by the steamers through a wharf boat, which is moored to the river bank and connected with the shore by gangways over which teams or trucks may pass to receive or deliver shipments. The position of the wharf boat is changed in accordance with the stage of the water. Under these circumstances, it is obvious that the expense and risk attending the drayage of freight to such receiving stations are greatly in excess of the expense and risk involved in effecting a delivery to a railroad warehouse, which is a comparatively level haul.

Several companies have recently been formed, one at New Orleans, another at St. Louis, and another at Chicago, to revive traffic upon the Mississippi River, and

[2]30 I. C. C. Rep., 229.
[3]Backward and forward movement.
[4]Slope or incline.

if the movement is supported to an extent sufficient to justify it, it may be that some more economical method may be devised for the gathering and distribution of the cargoes of the river packets.

The rates applicable from Memphis, Tenn., to some other points and landings on the Mississippi River, in connection with the Arkansas Packet Company, are as follows:

Classes	1	2	3	4	5	6
Rates from Memphis, Tenn., to Helena, Ark	30	25	20	16	14	11
Rates from Memphis, Tenn., to Friar's Point, Miss	30	27½	22½	17½	15	12

These rates are governed by the Southern Classification.

The rates set forth in Table 23-A, applying between New Orleans, La., and landings in Louisiana, are governed by the Western Classification.

5. Tennessee River

This river is navigable for a distance of over six hundred miles, from Paducah, Ky., to Chattanooga, Tenn., and beyond. In addition to several lines operating locally upon this stream, through service is afforded from St. Louis, Mo., and Cairo, Ill., by the St. Louis & Tennessee River Packet Company.

Rates applicable from Paducah, Ky., to all landings upon this river to and including Perryville, Tenn., are as follows:

Classes	1	2	3	4	5	6
Rates	50	40	35	30	25	16

These rates are governed by the Southern Classification.

TABLE 23-A

Boat Rates Applying on Classes via the Mississippi River on the Stretch Between New Orleans and the Northern Boundary of Louisiana[1]

Between New Orleans and Intermediate Landings and	Rates in Cents per 100 Pounds									
	L. C. L.					C. L.				
	Classes[2]									
	1	2	3	4	5	A	B	C	D	E
The more important landings between New Orleans and Donaldsonville, La.	30	25	23	15	20	20	15	12	10	10
The less important landings between New Orleans and Donaldsonville, La.	30	26	23	20	15	15	12	12	10	8
Landings between Donaldsonville, Baton Rouge, Port Allen, and Bayou Sara, proper	30	26	23	20	15	15	12	12	10	8
Poplar Grove, Lobdell, Devalls, Hills, and False River Railroad[3]	45	40	35	30	25	25	18	16	14	12
Landings above Bayou Sara but not above the northern boundary of Louisiana, and including Natchez and Vicksburg, Miss.	50	45	35	30	25	25	20	18	16	15

[1]Railroad Commission of Louisiana, Authorities Nos. 5148, 3178, 3180, and 3421. Where commodity rates are higher, they are applied. No freight bill made for less than 25 cents; no landing made for less than 50 cents. The Railroad Commission of Louisiana has authority over intrastate shipments only, but the boat lines apply the rates at landings on the Mississippi side as far as the northern boundary of Louisiana.

[2]Governed by the Western Classification.

[3]These landings are between Baton Rouge and Bayou Sara.

6. Cumberland River

From Evansville, Ind., and Paducah, Ky., to Nashville and Clarksville, Tenn., the rates of the Cumberland River Steamboat Company are not specified under the ordinary class headings, but specific rates are given for various commodities.

Commodity	Rate in Cents
Apples, per barrel	22
Oil, molasses, or whiskey, in barrels, L. C. L.	11
Bacon	16½
Boots and shoes, boxed	33

Commodity	Rate in Cents
Canned goods	22
Cement, in bags	11
Cement, in barrels	27½
Coffee	22
Dry goods	27½
Flour, per barrel	22
Groceries, packed, N. O. S	22
Household goods, prepaid	44
Molasses, syrup, and glucose, per barrel	110
Nails	13½
Vehicles, viz., buggies and carriages, K. D	44

7. Alabama River

As before stated, while the water carriers are exempted from the provisions of the Act to Regulate Commerce so far as interstate traffic is concerned, many of the states have included them among the other public utilities that are subject to the control or regulation of the state commissions. As will be explained in a subsequent chapter, many of these states prescribe maximum rates which must be observed by the carriers upon traffic moving within those states. In this instance, the rates of the boat lines on the Alabama and Tombigbee rivers between Mobile, Ala., on the one hand and Montgomery, Selma, and Demopolis, Ala., on the other, are fixed by the Alabama Railroad Commission upon the following scale:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	30	20	20	18	12	10	9	8	10	7	6	18	19

These rates are governed by the Southern Classification.

8. Coosa River

The following are representative commodity rates applied from Rome, Ga., to Round Mountain, Ala., by the Oostanaula and Coosa River Steamboat Company.

Commodity	Rate in Cents
Axes, packed, L. C. L.	15
Axle grease, L. C. L.	15
Bacon, in sacks or packed in bbls. or hhds.	15
Bagging, jute	12½
Barrels, half-barrels, and kegs, L. C. L.	30
Beans, dried, in barrels or sacks, L. C. L.	15
Blacking, packed in barrels or boxes	15
Books	30
Boots and shoes, boxed	30
Brooms, L. C. L.	30
Buckets, wooden, L. C. L.	30
Candy and confectionery, packed	30
Canned goods, L. C. L., packed	15
Carpets, matting, and rugs	30
Cheese, in boxes, casks, or cheese hoops	15

9. Chattahoochee River

The Merchants & Planters Steamboat Company operates four steamers with two sailings per week between Columbus, Ga., and Apalachicola, Fla. These boats, in connection with the boats on the Gulf of Mexico, furnish an all-water route from Columbus to New Orleans, Mobile, and Pensacola. The number of arrivals of boats at Columbus is shown to have been 84 in the year 1863; 231 in 1885; 203 in 1890; 141 in 1895; and 201 in 1899. During the last forty-seven years the average yearly arrival of boats has been 129, but few tonnage statistics relative to the traffic handled by these boats are available. It is shown that in 1906 the boats handled 7,233 tons in and out of Columbus. During March, 1910, the boats delivered at Columbus 204,720 pounds of freight; during April, 249,235 pounds; and during May, 440,200 pounds. This tonnage came, for the most part, from New Orleans, Chicago, Cairo, St. Louis, and Pensacola, and consisted of foodstuffs and merchandise of almost every description. Only a small amount of freight comes by

boat to Columbus from the Eastern Cities, but there is a possible all-water route via the Mallory Line to Mobile and via steamboat lines from Mobile to Columbus.[5]

Eufaula, Ala., is another important point on this river, but at the present time there are no figures available as to what the charges are between the terminals of this route.

10. Flint River

Although up to the twentieth of June, 1911, the United States Government had expended $278,500 in improving the navigation of the Flint River, the competition of the water carriers of this river must still be regarded as largely potential. Such service as there is, is afforded by small boats of light draft. Although Albany, Ga., is located on this stream and is a distributing point of no little importance, there is an absence of authentic figures relative to the tonnage moving on this river.

11. Savannah River

The two established lines navigating this river are known as the Merchants & Farmers Navigation Company and the Augusta & Savannah Steamboat Company. The most important point aside from Savannah located on this river is Augusta, which was founded in 1735. Long before the construction of railroads, Augusta was an important distributing point, merchandise reaching it by means of boats on the Savannah River and from Charleston by means of wagons and teams. Upon the completion in 1833 of the old South Carolina Railroad, which was financed largely by merchants of Charleston, Augusta was linked with Charleston. It is significant to note that the management of this railroad, soon after its

[5] 30 I. C. C. Rep., 153.

construction, established lower rates from Charleston to Augusta than it did to intermediate points and thus brought about a violation of the long-and-short-haul clause which has continued from that day to this.

The Savannah River is navigable during the entire year. The boat service is regular and has continued for nearly one hundred years. The United States Government has spent large sums of money for the improvement of this river, $350,000 being appropriated for that purpose during the year 1912. It has been developed that nearly all the sugar, cotton ties, bagging, cement, iron and steel articles, canned goods, and other heavy commodities move into Augusta by way of the river and that the rail lines participate very little in this traffic. The boat lines likewise handle the bulk of the outgoing products, consisting largely of cotton goods, to the Eastern Cities.[6]

12. Altamaha River

The Macon & Brunswick Navigation Company, which up to 1909 operated on the Altamaha and Ocmulgee rivers, discontinued its service. Subsequently, however, the service was resumed on a somewhat smaller scale than was formerly maintained. It is stated that the tonnage handled by the railroads in and out of Macon during the year 1910 was 2,000,000 tons, six per cent of which was handled to and from the coast. It is estimated that one-third of this traffic to and from the coast could have been advantageously transported by boat if navigation had permitted and the boats were in operation.

These illustrations will suffice to show the important part that these inland waterways play in the distribution of the commerce of the South.

[6] 30 I. C. C. Rep., 153.

13. Insurance

Another feature that should not be lost sight of in connection with water transportation is the requirement for the insurance of property transported by river carriers. It is commonly known as marine insurance. This charge, being in addition to the freight rates in a great many instances, lessens the difference between the rail rates and the water rates. The following are the insurance rates on river cargo in effect in 1910. The rates given are those on $100 in value of cargo carried by good steamboats and barges to and from New Orleans and the following points.[7]

INSURANCE RATES PER $100 VALUE APPLYING ON CARGO SHIPPED ON THE ILLINOIS AND MISSISSIPPI RIVERS

BETWEEN	AND	RATE
St. Louis	Cairo	$0.40
St. Louis	Memphis	.50
St. Louis	Vicksburg	.70
St. Louis	Natchez	.75
St. Louis	New Orleans	.80
Cairo	Memphis	.40
Cairo	Vicksburg	.50
Cairo	Natchez	.55
Cairo	New Orleans	.65
LaSalle, Ill.	New Orleans	1.10
St. Paul, Minn.	New Orleans	1.50

Special rates are charged on cotton seed as follows:

By model barges from any point to New Orleans the rate is..... .85

By scow barges from any point on the Mississippi to New Orleans..... 1.50

By scow barges from any point on the tributaries of the Mississippi River to New Orleans..... 2.00

Harbor risks on cargo in model barges holding underwriters' inspectors' certificate are taken at a rate of $2.50 per $100 in value. Hull risks on approved vessels are taken at from 6 to 16 per cent per annum on the value of the vessel. The Lee Line pays 13 per cent on its fleet. This is probably near an average insurance rate for approved wooden hulls on the Mississippi River.

[7]Shelton, W. A., *The Lakes-to-the-Gulf Deep Waterway.*

There is a large list of freight on which the insuranc alone prevents the shipment by river. A large part o the common stock of dry goods, for example, is value at $50 or more per 100 pounds, and the insurance betwee St. Louis and New Orleans at this value is 40 cents. Th finer lingeries and silks are valued at as much as $1,00 per 100 pounds, on which the insurance rate is $8 per 10 pounds. The rail rate on silks of this value is only $2.7 from New York to St. Louis, and on the cheaper grade of silks the rate is only 90 cents.

In cases involving a water haul, it is always desirabl to ascertain whether the rate covering the water or th joint rail-and-water haul includes this item, as in som cases the steamboat companies assume this risk them selves and insure the property under their open policy Considering the hazards of navigation, such as stranding sinking of the vessel by striking hidden snags or othe obstruction or change in the river channels, the burnin of the vessel, the risk of damage from water, etc., good of value should never be shipped unless insured.

CHAPTER IX

INTERSTATE RATES VIA COASTWISE ROUTES

1. Character of Service

To enter into a detailed description of the many thousands of separate but interdependent bases of rate construction under which the whole of the southern rate fabric has been constructed, and under which changes in rates are constantly being made, would produce a volume of matter far beyond the scope of this treatise. All that may be undertaken, therefore, is to describe and exemplify more or less in outline the principal features of the relative adjustments that obtained between the points of origin on the one hand and the points of destination on the other. A discussion of these adjustments will prove sufficient to give a clear understanding of the whole situation.

As the rates on interstate traffic are, to a great extent, compelled by the rates established from eastern markets and reflect the effect of the direct water competition between the North and the South Atlantic ports, it is necessary, before taking up any of the interior adjustments, to make some statement as to the service and rates afforded between the more important ports.

It should be understood that while many of these water lines are controlled by railroad interests, and publish joint rates to inland points, which are subject to revision by the Interstate Commerce Commission, their all-water

rates, or dock-to-dock rates, as they are styled, do not come within the jurisdiction of the Commission and are not filed with that body. Consequently, as a rule no shipments of great volume are handled on the basis of published rates. Where cargoes are offered in large quantities, the schedules are often disregarded.

In addition to the freight carried by the regular steamship companies, or established lines, much of the low-grade bulk traffic moving into and out of the South Atlantic Ports is handled by vessels belonging to lumber companies and by tramp steamers. These steamers move loaded into or out of the ports and return empty except for such traffic as may be picked up. Considerable tonnage is handled by sailing vessels. Cement, coal, lumber, and fertilizer materials move to the South Atlantic Ports in large quantities by these irregular steamships on lower rates than are afforded by the regular steamship lines. The sailing vessels represent the cheapest means of conveyance. Practically all of the space in the boat can be utilized for cargo, none of it being given over to motive power, as is the case with the self-propelled vessels. Likewise, such craft are operated at a slight expense and consequently "schooner competition," as it is styled, is recognized by all steamship companies in making their rates. Independent, or tramp, vessels usually offer for large shipments rates that are less than those made by established lines. Vessels of this class are not engaged in regular service between any two points, but go where there is a likelihood of obtaining cargoes. This phase of transportation, however, is fully dealt with in the treatise on "Ocean Traffic and Trade" and it is not necessary at this point to enter into a detailed discussion of the peculiarities of competition between line and tramp boats.

2. Distances

Especially on traffic originating in Seaboard Territory, the all-water rates from the various North Atlantic Ports to Norfolk are a factor of great importance in establishing through rates to interior points in Southern Territory. Testimony introduced in connection with the petitions of the carriers for permission to violate the provisions of the fourth section of the Act to Regulate Commerce developed that the distance from New York City to Norfolk via the steamer lines is assumed by the carriers, for the purpose of divisional rates, to be equivalent to 160 miles of rail haul. On this basis the water-and-rail mileages to the principal South Atlantic Ports are compared with the all-rail mileages of several carriers.[1]

	Miles
New York to Charleston:	
Via Southern Railway, all rail	846
Water and rail	746
Via Atlantic Coast Line, all rail	739
Water and rail	552
Via Seaboard Air Line, all rail	831
Water and rail	666
New York to Savannah:	
Via Southern Railway, all rail	870
Water and rail	770
Via Atlantic Coast Line, all rail	854
Water and rail	667
Via Seaboard Air Line, all rail	845
Water and rail	680
New York to Brunswick:	
Via Southern Railway, all rail	966
Water and rail	866
Via Atlantic Coast Line, all rail	1,008
Water and rail	821
Via Seaboard Air Line, all rail	932
Water and rail	767
New York to Jacksonville:	
Via Southern Railway, all rail	1,042
Water and rail	942
Via Atlantic Coast Line, all rail	1,026
Water and rail	839
Via Seaboard Air Line, all rail	982
Water and rail	817

[1] 30 I. C. C. Rep., 163.

3. Port-to-Port Rates

(a) *Norfolk, Va.*

The all-water rates from the Eastern Cities to Norfolk, Va., are indicated in Table 24.

TABLE 24

Class Rates from the Eastern Cities to Norfolk, Va.

To Norfolk, Va., From	Rates in Cents per 100 Pounds Except as Noted												
	Classes[1]												
	1	2	3	4	5	6	A	B	C	D	E	H	F[3]
Boston	45	39	34	30	25	22[2]	..	..	..	..	..	..	..
New York	32	27	23	20	15	12	12	20	12	12	15	20	24
Philadelphia	40	25	22	18	14	11	11	18	11	11	14	18	22
Baltimore	26	22	18	16	13	10	10	16	10	10	13	16	20
New York[4]	23	22	19	15	13	11	11	11	11	11	13	15	20
Philadelphia[4]	23	22	19	15	13	11	11	11	11	11	13	15	20
Baltimore[4 5]	6	6	6	4	4	4	4	4	4	4	4	4	8
Boston[4 6]	5	5	5	5	5	5	5	5	5	5	5	5	10

[1]Governed by the Southern Classification, except as noted.
[2]Per barrel.
[3]Governed by the Official Classification.
[4]Proportional rates applicable only on traffic destined beyond.
[5]Less than the New York scale.
[6]Higher than the New York scale.

The proportional rates are those used in constructing through rates to interior destinations in Southern Territory. These proportional rates vary sometimes according to the destination of the traffic and the length of the haul. This feature, however, will be discussed in the subsequent chapters of this work devoted to the construction of interstate rail-and-water rates.

(b) *Wilmington, N. C.*

Wilmington, N. C., as the principal port city of the state, has a semi-weekly service via the Clyde Line to and from New York. The class rates governed by the Southern Classification applicable from New York to Wilmington are as follows:

Classes	1	2	3	4	5	6
Rates	50	40	34	28	20	15

(c) *Georgetown, S. C.*

As Georgetown is a comparatively small port when contrasted with Charleston, which ranks among the foremost of American seaports, it is natural, in order to compete with the larger ports, that the rates be adjusted on a somewhat lower basis than is accorded its stronger rival. As a result, the Clyde Line, which has a semi-weekly service between New York and this port, applies practically the same rates as it does to Wilmington, N. C.

Classes	1	2	3	4	5	6
Rates	50	43	36	29	23	16

(d) *Charleston, S. C.*

This is the principal port of South Carolina and next to Savannah the most important of the South Atlantic seaports. The Clyde Line affords a service from New York, the Philadelphia & Gulf Steamship Company from Philadelphia, the Baltimore & Carolina Steamship Company from Baltimore, and the Charleston Steamship Company from Charleston and Georgetown, S. C.

Representative rates to Charleston currently in effect from New York are as follows:

Classes	1	2	3	4	5	6
Rates	50	47	37	29	24	19

These rates are governed by the Southern Classification.

(e) *Savannah, Ga.*

During[2] the year 1911 Savannah handled over 2,500,000 bales of cotton and, next to Galveston, Tex., is the largest cotton market in the world. During the same year, 404 irregular vessels, consisting of schooners, barks, and steamships, not including any vessels of the Ocean Steamship Company or of

[2] 30 I. C. C. Rep., 170.

the Merchants & Miners Transportation Company, entered Savannah. Such of these vessels as moved to and from eastern ports handled fertilizer material, salt, cement, plaster, coal, iron and steel articles, brick, oil, gravel, and hay from north Atlantic ports to Savannah and lumber and crossties from Savannah to the North Atlantic ports. The approximate amount of traffic carried by these irregular vessels, exclusive of foreign traffic, from the north Atlantic ports to Savannah was 130,172 tons, and during the same period 50,000,000 board feet of lumber and crossties were shipped from Savannah by these vessels. These outside vessels brought into Savannah 10,938 tons of cement at a rate of approximately 97 cents a ton, as compared with the rate of the regular steamship companies of $1.50. The approximate rates charged by these irregular vessels from North Atlantic ports to Savannah are:

	PER TON
Fertilizer	$1.50
Salt	1.25
Iron and steel articles	1.70
Plaster	.97
Coal	1.10
Brick	1.09
Hay	.90

The Ocean Steamship Company of Savannah affords a through service from New York, and the Merchants & Miners Transportation Company from Baltimore and Philadelphia. The rates currently in effect via the Ocean Steamship Company are as follows:

Classes	1	2	3	4	5	6	A	B	C	D	E	H	F
Rates	57	47	37	29	24	19	18	18	18	18	27	27	31

These rates are governed by the Southern Classification.

(*f*) *Brunswick, Ga.*

As may be inferred, the local traffic of Brunswick would in itself hardly be worth while for the maintenance of a steamship line. However, this city marks the terminus of the Atlanta, Birmingham & Atlantic Railroad, which is in competition with the lines leading out of Sa-

vannah for business to and from the interior. Inasmuch as there is not a great deal of difference in the haul to inland points, it naturally follows that to compete successfully the same factors will have to be applied up to the ports in so far as the water carriage is concerned. This is illustrated by the fact that the rates currently in effect are the same as those to Savannah set forth in the preceding paragraph.

(*g*) *Jacksonville, Fla.*

Jacksonville is the principal city of Florida and is served by the following steamship companies: The Clyde Line from New York, four sailings per week; the Southern Steamship Company from Philadelphia, Charleston, Key West, and Tampa, one sailing per week; and the Merchants & Miners Transportation Company from Baltimore to Savannah and Jacksonville, three sailings per week.

The traffic involved in this instance is largely local to the state of Florida; little if any traffic is forwarded via this route destined to interior points in Southern Territory. The immense quantities of produce raised in this state and its popularity as a resort undoubtedly have much to do with the advantages it possesses in so far as water transportation is concerned.

Current rates in effect from New York City to Jacksonville are as follows:

Classes	1	2	3	4	5	6
Rates	67	57	47	33	26	20

(*h*) *Tampa, Fla.*

This city, located on the west coast of the peninsula of Florida, is afforded a weekly service from New York by

the Mallory Steamship Company. The rates currently in effect via this route are as follows:

Classes	1	2	3	4	5	6
Rates	95	80	65	55	45	40

These rates are governed by the Southern Classification.

(*i*) *Gulf Ports*

Considering the length of the water haul involved, the rates to the more important Gulf ports are on a relatively low basis as contrasted with the water rates to the more closely situated South Atlantic Ports, taking New York as a point of origin. This is illustrated by the rates currently in effect via the water line, which are set forth in Table 25.

TABLE 25

ALL-WATER CLASS RATES FROM NEW NORK, N. Y., TO GULF PORTS

From New York, N. Y., To	Rates in Cents per 100 Pounds					
	Classes[1]					
	1	2	3	4	5	6
Mobile, Ala.	75	65	54	44	38	33
New Orleans, La.	70	60	50	40	35	30
Pensacola, Fla.	70	60	50	40	35	30

[1]Governed by the Official Classification.

Statistics were introduced in a recent federal investigation indicating that the southbound tonnage forwarded via the Morgan Line from Seaboard Territory to New Orleans, La., for the first eleven months of the year 1911, aggregated 246,000 tons, and that during the same period the deliveries of the Mobile & Ohio Railroad and the Louisville & Nashville Railroad were but 577 tons.

From the foregoing, it may be seen that while the traffic on the interior waterways has dwindled considerably in the past decade and may consequently be considered as potential, the competition on the high seas is aggressive and controlling. It would seem, considering the competition of the markets and the volume of traffic involved, that the rates from New York to New Orleans and Mobile must be considered as controlling factors in this adjustment. All points located adjacent to the seaboard have the advantage of location over such markets as St. Louis, Chicago, Cincinnati, and other points located on inland waterways by reason of the fact that the cost of operation on the high seas is considerably less than that for inland navigation. Owing to dock facilities, the vessels are greater in size and consequently larger cargoes may be carried.

4. Rates to and from Interior Points in Trunk Line and New England Territories

The effects of this water competition are far-reaching and are felt not only in the immediate vicinity of the port cities, but, for illustration, in the instance at hand the rates made by the water carriers between New York and New Orleans are felt throughout the entire eastern section of the United States.

By an ingenious system of rate-making known as the absorption plan, the application of the water rates are extended to practically all of Trunk Line and New England territories.

Prior to the issuance of the tariff regulations of the Interstate Commerce Commission, this plan of rate-making was expressed in the following manner, taking

the rates to Mobile, Ala., via the Mallory Steamship Company as an example:[3]

The Mallory Steamship Company will accept for its service from New York to Mobile, Alabama, rates yielded by deducting from the rates shown in schedule No. 1 of the following table, the rates shown in Schedule 2. To the net rates so established must be added the published tariff rate from point of origin to New York (and the cost of transfer when the rates do not include free lighterage at New York harbor) and further provided that the rates shown in Table 1 are in all cases to be the minimum through rates.

From	Schedule I Minimum Through Class Rates in Cents per 100 Pounds								Schedule II Maximum Class Deductions in Cents per 100 Pounds							
	1	2	3	4	5	6	R25	R26	1	2	3	4	5	6	R25	R26
Connecticut stations	75	65	54	44	38	33	55	44	16	15	14	12	12	10	14	12
Wilmington, Del.	75	65	44	44	38	33	55	44	28	23	19	14	12	10	19½	15
Washington, D. C.	75	65	54	44	38	33	55	44	26	20	16	13	12	10	17	13
Portland, Me.	75	65	54	44	38	33	55	44	16	15	14	12	12	10	14	12
Baltimore, Md.	76	65	54	44	38	33	55	44	(1)							
Massachusetts stations	75	65	54	44	38	33	55	44	16	15	14	12	12	10	14	12
New Jersey stations	75	65	54	44	38	33	55	44	15	12	10	9	8	8	10	9
New York stations	75	65	54	44	38	33	55	44	15	12	10	9	8	8	10	9
Eddystone, Pa. / Chester, Pa.	75	65	54	44	38	33	55	44	15	12	10	9	8	8	10	9
Philadelphia, Pa. / Camden, N. J.	75	65	54	44	38	33	55	44	(1)							
Rhode Island stations	75	65	54	44	38	33	55	44	16	15	14	12	12	10	14	12
Virginia:																
Newport News	85	73	60	47	41	35	62	48	32	28	25	22	17	15	25	22
Norfolk / Portsmouth / Richmond	85	73	60	47	41	35	62	48	(1)							

[1]Published tariff rates to Mallory Line Pier.

For the purpose of illustrating the application of this table, assume that it is desired to construct rates from Tuckahoe, N. Y., from which point the rates currently in effect to New York, including free lighterage, are:

Classes	1	2	3	4	5	6
Rates	17	15	13	10	8½	7

Through rates would be obtained by deducting the maximum absorption shown in Schedule II from the scale applying from New York stations given in Schedule

[3]Taken from a tariff publication of the Mallory Line.

I, and then adding to these rates the rates applying to New York. For example:

Classes	1	2	3	4	5	6
Rates from New York City to Mobile, Ala.	75	65	54	44	38	33
Differentials	15	12	10	9	8	8
Through rates from New York City to Mobile, Ala.	60	53	44	35	30	25
Rates from Tuckahoe, N.Y., to New York City	17	15	13	10	8½	7
Through rates from Tuckahoe, N.Y., to Mobile, Ala.	77	68	57	45	38½	32

With the exception of the sixth-class rate, the above rates would be applied on traffic originating at Tuckahoe, N. Y., and forwarded via the New York Central Lines by way of New York and the Mallory Line. In the case of the sixth-class rate, as it is less than the minimum rates named in Schedule I, the rate is increased to 33 cents in order to comply with this requirement.

As this method of constructing rate schedules was not permitted by the Interstate Commerce Commission under its requirements, it became necessary for the water carriers to adopt some other means of publishing rates, with the result that today specific through rates are published from individual points and groups of points. In Table 26 is given a list of representative points within Seaboard Territory, showing the group to which each is assigned, while in Tables 27 and 28 are given the through class and commodity rates from these groups to New Orleans, La.

Attention is directed to the fact that where the transportation to New York is by water or partly by water a lower scale of rates is provided in many instances than when the movement to the port is via a rail carrier.

TABLE 26

Grouping of Eastern Points of Origin for Rates to New Orleans, La., via Gulf Routes

Station	Group	Station	Group
Allentown, Pa.	11-A	Islip, N. Y.	6-A
Amsterdam, N. Y.	13	Jamestown, N. Y.	17-A
Arlington, Mass.	3	Kingston, R. I.	15
Ashburnham,[1] Mass.	12	Kingston,[4] R. I.	6
Augusta,[2] Me.	22	Little Ferry, N. J.	4
Baltimore, Md.	9	Newark, N. J.	1
Barclay, Md.	19-A	New Haven, Conn.	10-A
Bayside, N. J.	13-A	Niagara Falls, N. Y.	17-A
Beach Haven, N. J.	13-A	Ogdensburg, N. Y.	21
Boston, Mass.	2	Oil City, Pa.	18
Bruceton, Pa.	17	Orange, N. J.	5
Brunswick, Me.	20	Orleans, Mass.	15
Buffalo, N. Y.	17-A	Orleans,[4] Mass.	10
Camden, N. J.	8	Paterson, N. J.	5
Chester, Pa.	12-A	Philadelphia, Pa.	1-A
Chester Springs, Pa.	12-C	Pittsburgh, Pa.	18
Concord, N. H.	20	Portland, Me.	20
Costigans,[2] Me.	25	Portland,[2,5] Me.	6-B
Croydon, Pa.	8-A	Poughkeepsie, N. Y.	7
Cumberland, Md.	14-B	Reading, Pa.	14-A
Cumberland Jct., Me.	20	Rochester, N. Y.	14
Cumberland Jct.,[3] Me.	15-A	Readfield,[2] Me.	24
Dover, N. J.	8	Rutland, Vt.	15
Eastport, N. Y.	12-B	Schenectady, N. Y.	11
Eleanora, Pa.	19	Sheepshead Bay, N. Y.	1-B
Elizabeth, N. J.	5	Skowhegan,[2] Me.	25
Fairchance, Pa.	19	Springfield, Mass.	10-A
Floral Park, N. Y.	2-A	Syracuse, N. Y.	14
Grafton, W. Va.	18	Troy, N. Y.	11
Hagerstown, Md.	14-B	Troy, Pa.	14-A
Hallmans, Pa.	12-C	Utica, N. Y.	14
Harrisburg, Pa.	14-A	Watertown, N. Y.	21
Hartford, Conn.	10-A	West Point, N. Y.	7
Havre de Grace, Md.	14-B	Williamsport, Pa.	14-A
Huntington,[4] N. Y.	6-A	Yarmouth, Me.	20

[1]Rates apply in connection with the New England Navigation Company and the Metropolitan Steamship Company.

[2]Rates apply in connection with the Maine Steamship Company and the Metropolitan Steamship Company.

[3]Rates apply in connection with the Metropolitan Steamship Company.

[4]Rates apply in connection with the New England Navigation Company.

[5]Rates apply in connection with the Metropolitan Steamship Company and the Boston and Maine Railroad.

TABLE 27

Class Rates from Points in Atlantic Seaboard Territory

From Group No.	Rates in Cents per 100 Pounds								
	Classes[1]								
	1	2	3	4	5	6	R25	R26	R28
1	70	60	50	40	35	30	51	40	43½
1A	70	60	50	40	35	30	51	40	43½
1B	70	60	51	41	35	30	51	41	44½
2	72	61	51	41	35	31	52	41	44½
2A	72	63	53	43	36	30	53½	43	46½
3	73	64	55	44	39	33	55	44	48
4	75	65	55	45	39	32	55	45	48½
5	75	68	57	44	37½	31½	58	46	48½
6	77	68	59	49	44	37	59	49	52½
6A	79	69	58	47	39	32	59	47	51
6B	78	68	58	47	41	35	59	47	51
7	80	69	58	47	39	32	59	47	51
8	81	70	59	47	37½	31½	59½	47	51
8A	81	70	59	47	37½	31½	59½	47	51
9	80	70	58	48	38	32	59½	48	51½
10	82	73	63	62	44	40	63	52	56
10A	82	73	63	52	44	40	63	52	56
11	85	73	61	48	39	32	62	49	52½
11A	86	74	62	48½	38½	32	63	50	53
12	86	76	66	53	44	40	66	53	57½
12A	87	75	63	49	39	32½	64	50	54
12B	87	76	63	52	43	35	65	52	56
12C	88	76	64	50½	40½	33	65	51	55
13	90	76	64	50	41	34	65	51	55
13A	91	78	66	53	41	35	66	53	57½
14	92	76	64	50	41	35	65	51	55
14A	92	76	64	50	41	35	65	51	55
14B	92	76	64	50	41	37	65	51	55
15	94	82	66	53	44	40	70	53	57½
15A	94	82	66	53	44	40	70	53	57½
16	94	82	69	53	42	35	70	55	58½
17	98	85	72	54	43	35	72	58	60½
17A	98	81	68	53	43	39	69	54	58
18	98	81	68	53	43	39	69	54	58
19	98	81	68	53	43	39	69	54	58
19A	100	84	67	53	44	38	71	54	58
20	100	84	67	53	44	40	71	54	58
21	100	84	67	53	44	40	71	54	58
22	104	90	73	61	50	42	76½	61	65
23	104	92	79	65	52	44	79	65	70
24	113	96	78	63	52	43	82	63	68
25	119	106	83	65	54	45	90	66	71½

[1]Governed by the Official Classification.

5. Rates From Points in Central Freight Association Territory to South Atlantic Coast Points via North Atlantic Coast Ports and Ocean

The bases employed result in through published rates which are made by using full rates to the North Atlantic Ports and adding thereto the proportional rates of the ocean carriers.

TABLE 28

Commodity Rates[1] Applicable Only from Points Specified

Commodities	From	Rate		From	Rate	
		L.C.L.	C.L.		L.C.L.	C.L.
Alcohol, in barrels	Baltimore, Md.	54	43	Buffalo, N. Y.	43	43
Ale, in standard packages	Baltimore, Md.	..	37	Ogdensburg, N. Y.	..	42
	Buffalo, N. Y.	..	38	Philadelphia, Pa.	..	32
	Hudson, N. Y.	..	32	Syracuse, N. Y.	..	37
	Newark, N. J.	..	30			
Ammunition: Cartridges (Paper or Metallic Shells, Loaded), for small arms only, boxed, minimum carload weight 30,000 pounds	Bridgeport, Conn.	..	42	New Haven, Conn.	..	42
Bagging (for Baling Cotton), in bales, minimum weight 30,000 pounds	Ludlow, Mass.	..	27			
Bagging, in rolls, minimum carload weight 24,000 pounds	Ludlow, Mass.	..	27			
Bags and Bagging (Old), in bales, minimum carload weight 30,000 lbs.	Baltimore, Md.	..	28	Norfolk, Va.	..	38
	Boston, Mass.	..	29	Philadelphia, Pa.	..	28
	Camden, N. J.	..	28			
Baking Powder, in tin, packed in boxes, minimum carload weight 30,000 pounds	Baltimore, Md.	..	40	Manchester, Va.	..	43
	Fredericksburg, Va.	56	43	Richmond, Va.	56	43
Baskets (Splint), nested	Northeast, Md.	116½	..			
Beans (Dried), minimum carload weight 40,000 pounds	Akron, N. Y.	..	35	Lockport, N. Y.	..	35
	Albion, N. Y.	..	35	Marion, N. Y. (Note AA)	..	35
	Alexander, N. Y.	..	35	Medina, N. Y.	..	35
	Alton, N. Y.	..	36	Middlesex, N. Y.	..	33
	Attica, N. Y.	..	35	Naples, N. Y.	..	35
	Avon, N. Y.	..	35	Newark, N. Y.	..	35
	Baltimore, Md.	..	35	North Rose, N. Y.	..	36
	Barker, N. Y.	..	36	Nunda, N. Y.	..	35
	Brockport, N. Y.	..	35	Oakfield, N. Y.	..	35
	Caledonia, N. Y.	..	35	Palmyra, N. Y.	..	33
	Canandaigua, N. Y.	..	35	Penn Yan, N. Y.	..	35
	Caywood, N. Y.	..	35	Perry, N. Y.	..	35
	Craigs, N. Y.	..	35	Prattsburg, N. Y.	..	35
	Dansville, N. Y.	..	35	Rochester, N. Y.	..	35
	Geneseo, N. Y.	..	35	Rushville, N. Y.	..	35
	Groveland, N. Y.	..	35	Scottsville, N. Y.	..	35
	Holcomb, N. Y.	..	35	Shortsville, N. Y.	..	35
	Honeoye Falls, N. Y.	..	35	Trumansburg, N. Y.	..	33
	Kendaia, N. Y.	..	35	Walker, N. Y.	..	33
	Leicester, N. Y.	..	35	Waterport, N. Y.	..	38
	Le Roy, N. Y.	..	35	Williamson, N. Y.	..	35

[1]Rates in cents per 100 pounds except as noted.

In Table 29 are set forth the rates via New York and the ocean to Wilmington, N. C., Georgetown and Charleston, S. C., Savannah and Brunswick, Ga., and Jacksonville, Fla.

TABLE 29

CLASS RATES FROM CENTRAL FREIGHT ASSOCIATION POINTS TO SOUTH ATLANTIC PORTS

To South Atlantic Ports From	Rates in Cents per 100 Pounds					
	Classes[1]					
	1	2	3	4	5	6
Benton Harbor, Mich.	109	94½	75	55½	44	36
Cairo, Ill.	127	110	87	64	51	42
Chicago, Ill.	112	97	77	57	45	37
Cincinnati, Ohio	102	88½	70½	53½	41	33½
Cleveland, Ohio	85	72	53½	40	30	25
Detroit, Mich.	95	82½	66	49½	38½	31½
Elkhart, Ind.	109	94½	75	55½	44	36
Fort Wayne, Ind.	104½	90½	72	53½	42	34½
Grand Rapids, Mich.	109	94½	75	55½	44	36
Indianapolis, Ind.	106½	92½	73½	54½	43	35
Jackson, Mich.	106	92	73	54	42½	35
Lansing, Mich.	108	93½	74½	55	43½	35½
Louisville, Ky.	112	99	77	55	45	37
Peoria, Ill.	119½	103½	82	60½	48	39½
St. Louis, Mo.	124½	108	85½	63	50	41
South Bend, Ind.	109	94½	75	55½	44	36
Toledo, Ohio	95½	82½	66	49½	38½	31½

[1]Governed by the Official Classification.

The class rates shown in Table 29 applying from Cincinnati, Louisville, St. Louis, and other points via New York and the ocean to the South Atlantic Ports are governed by the Official Classification. Some of these rates are higher, though most of them are lower, than the rates of the all-rail lines on the corresponding classes, which are governed by the Southern Classification. The trunk lines serving the Ohio River through Baltimore in connection with the Merchants & Miners Transportation Company provide for through rates to South Atlantic

Ports, subject to the Southern Classification, on the basis of the following differentials under the rates published by the all-rail lines:

Classes.....	1	2	3	4	5	6	A	B	E	H
Rates.....	8	6	5	4	3	2	2	2	3	4

If the rates made on this basis, governed by the Southern Classification, are lower than the published rates, governed by the Official Classification, the lower rates are applied.

(a) *From New Orleans, La.*

The rates currently in effect via the all-water routes to the South Atlantic Ports are not obtainable at this time. In Table 30, however, are given the all-rail rates applicable from New Orleans, La., to the South Atlantic Ports. As these rates are claimed to be fixed by the water competition, the rates set forth in this table give some idea as to their measure.

TABLE 30

ALL-RAIL CLASS RATES FROM NEW ORLEANS, LA., TO SOUTH ATLANTIC PORTS

From New Orleans, La., To	Rates in Cents per 100 Pounds					
	Classes[1]					
	1	2	3	4	5	6
Charleston, S. C.....	91	76	71	66	54	42
Savannah, Ga.....	91	76	71	66	54	42
Brunswick, Ga.....	91	76	71	66	54	42
Jacksonville, Fla.....	72	60	57	53	44	35
Tampa, Fla.....	122	103	91	85	72	62

[1]Governed by the Official Classification.

These rates are necessitated by the direct water competition on the Atlantic Ocean and the Gulf of Mexico. The Philadelphia & Gulf Steamship Company furnishes

a regular service twice a month between Charleston, S. C., and New Orleans, La. The Paye Steamship Company furnishes the regular all-water service between Tampa, Fla., and New Orleans, La. There is no regular all-water service between New Orleans and Savannah, Brunswick, or Jacksonville. Such other water service as exists is that furnished by irregular steamers and sailing vessels.

For many years the rail carriers have not enjoyed the traffic of sugar, coffee, molasses, and rice from New Orleans territory to Charleston. This traffic moves via all water, and the rail carriers have been unable to secure it from the water carriers. Facilities are at hand at Charleston for unloading cargoes into the warehouses of the Charleston Terminal Company, which extend along the water front; this material is then distributed to the interior points as necessity may demand. A very large movement of the coastwise vessels into and out of the ports of Savannah, Brunswick, Jacksonville, and Tampa is indicative of the heavy coastwise movement between these points and other Atlantic and Gulf ports.

TEST QUESTIONS

These questions are for the student to use in testing his knowledge of the assignment. The answers should be written out, but are not to be sent to the University.

1. In some instances, how may the rates to Atlanta, Ga., be figured?

2. What is the chief factor in measuring intrastate rates?

3. What commissions in Southern Territory have been particularly active in prescribing charges applicable within their states?

4. Assuming that a change is made in the rates from Atlanta, Ga., to Brunswick, Ga., what is the result as far as Atlanta, Ga., and Charleston, S. C., are concerned?

5. How is the term "continuous mileage" defined?

6. Into what classes are the railroads of the state of Georgia assigned by the commission of that state?

7. To what extent may the rates of Class-D roads exceed the rates of Class-A roads on Classes 1, 2, 3, 4, 5, and 6, under the rules of the Georgia Railroad Commission?

8. What is the rule of the Georgia Railroad Commission respecting joint rates?

9. How should the joint rates between carriers within the state of Georgia be divided?

10. How are the additional classes other than those provided for in the Southern Classification accounted for in the Georgia scale?

11. How much higher will charges be on one hundred pounds of first-class freight moving fifty miles over the Macon, Dublin & Savannah Railroad than the same distance over the Georgia Railroad?

12. (a) What distance is fixed by the Georgia Railroad Commission from Brunswick, Ga., to Birmingham, Ala., via the Atlanta, Birmingham & Atlantic Railroad? (b) From Atlanta, Ga., to Brunswick, Ga., via the Southern Railway?

13. How are joint lines defined by the Georgia Railroad Commission?

14. In constructing rates, what distance would be employed if the actual distance was 47½ miles?

15. What would be the class rates applicable upon a tap line 9⅞ miles in length?

16. How does the Railroad Commission of Tennessee prescribe rates applicable upon intrastate traffic?

17. (a) What compels the low rates from Memphis, Tenn., to Nashville, Tenn.? (b) From Memphis, Tenn., to Chattanooga, Tenn.?

18. To what causes may be ascribed the comparatively low rates from the Eastern Cities to Jacksonville, Fla.?

19. As a general rule, how are rates to interior points in Florida constructed?

20. Enumerate the rates on Classes 1, 2, 3, 4, 5, and 6 applicable from Jacksonville, Fla., to Miami, Fla.

21. In what respect does the joint-rate rule of the Florida Railroad Commission differ from that of the Georgia Railroad Commission?

22. When did the present class rates prescribed by the North Carolina Railroad Commission become effective?

23. How would the rates for a joint haul over two independent lines for a distance of 50 miles be constructed under the rules of the North Carolina Railroad Commission?

24. In what respect does the minimum-charge rule of the North Carolina Railroad Commission differ from that of the Southern Classification?

25. What conditions cause a departure from the Southern Classification in so far as traffic in West Virginia is concerned?

26. In cases where the Southern Classification governs rates in West Virginia, are the rates subject to revision by the commission of that state?

27. On what basis are rates between Ashland and Maysville, Ky., and Cincinnati, Ohio, via the Chesapeake & Ohio Railway, constructed?

28. What causes comparatively low rates via rail lines between Cincinnati, Ohio, and Louisville, Ky., both in Official Classification and Southern territories?

29. To what fact did the Virginia Corporation Comm
give particular weight in prescribing rates for the ca
operating within that state?

30. A shipment of hemlock lumber moving in carloa
the Norfolk and Western Railway for a distance of 161
would be charged for on what basis?

31. Outline in general the basis employed in making
state rates within South Carolina.

32. What adjustment is prescribed by the Alabama
road Commission?

33. Does the state of Mississippi prescribe an indiv
classification?

34. (a) What separate classifications are authorized w
the state of Louisiana? (b) In what territory is each ap
ble?

35. What is the substance of the Louisiana Railroad
mission's report relative to water transportation within
state?

36. To what extent are independent water carriers
the jurisdiction of the Interstate Commerce Commission

37. Where is the most aggressive water competition
rienced?

38. What is the usual outcome of a rate war between
pendent water carriers?

39. What means of transportation are still employed
the inland waterways?

40. What constitutes the great majority of tonnage o
Ohio River?

41. Can the railroads meet the competition of the
carriers in so far as coal is concerned?

42. Enumerate the more important water lines oper
upon the Ohio River.

43. Give a brief summary of conditions of water tran
tation upon the Green and Barren rivers.

44. When was steam navigation first attempted upo
Mississippi River?

45. On what basis are the rates on show cases annou
from Evansville, Ind., to Mammoth Cave, Ky., via the
lines?

46. On what adjustment of differentials are the rates established by the Mississippi Valley Transportation Company to New Orleans related to the all-rail rates?

47. To what causes may be ascribed the remarkable falling off of traffic handled on the Mississippi River?

48. What are the rates on the first six classes from Paducah, Ky., to Perryville, Tenn., via the Tennessee River?

49. How are the rates published via the lines operating upon the Cumberland River?

50. By whom are the rates applicable via the water carriers from Mobile, Ala., to Montgomery, Ala., prescribed?

51. Give a brief summary of the conditions prevailing upon the Chattahoochee River.

52. Via what class of water carriers is transportation afforded on the Flint River?

53. For how long has transportation by water upon the Savannah River been in existence?

54. What line affords water service upon the Altamaha River?

55. How may insurance affect the patronage of water routes?

56. What is the rate of insurance from St. Louis, Mo., to Memphis, Tenn.?

57. What are "dock to dock" rates? Are they subject to the requirements of the Interstate Commerce Commission?

58. Why do sailing vessels represent the cheapest means of conveyance upon the high seas?

59. To what class of traffic do sailing vessels and tramp boats cater?

60. How does the constructive mileage via the water-and-rail lines from New York City to Jacksonville, Fla., compare with the continuous mileage of the all-rail lines?

61. What water service is accorded the city of Wilmington?

62. Are the water rates to Charleston, S. C., on the same level as those to Georgetown, S. C.?

63. Give a brief summary of the conditions existing at Savannah, Ga., during 1911 with respect to water-borne traffic.

64. What is the occasion of the establishment of wat routes to and from Brunswick, Ga.?

65. How do the water rates from New York City to Jac sonville, Fla., compare with the rates to Tampa, Fla.?

66. Via what routes is the bulk of traffic from Seaboar Territory to the Gulf ports, New Orleans and Mobile, fo warded?

67. Give an illustration of the making of rates under th absorption plan.

68. What are the class rates applicable from Reading, Pa to New Orleans, La., in connection with the Morgan Line?

69. How much higher is the rate from Chicago, Ill., t Jacksonville, Fla., via New York, than the rate to New York proper?

70. What adjustment is authorized for the use of a trun line serving the Ohio River through Baltimore in makin rates to the South Atlantic Ports?

71. What compels the comparatively low rates from New Orleans, La., to the South Atlantic Ports?

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CHAPTER I

INTRODUCTION

The purpose of this supplement is to explain and illustrate certain important changes that took place on January 1, 1916, in the rate adjustments described in the treatise *Freight Rates: Southern Territory.*

These changes have resulted from the amendment of June 18, 1910, to the Fourth Section of the Act to Regulate Commerce. At the time the treatise was written, the rate adjustments affected by the amended Act were in process of revision, but the final results had not been determined and were therefore not available. The incidents, however, that led up to and necessitated the readjustment were known and were fully explained in the concluding chapters of the treatise.

In Chapter XXIII an account is given of the long-and-short-haul provision of the Act to Regulate Commerce, as stated in the Fourth Section of the original Act of February 4, 1887, and as amended twenty-three years later by Act of Congress on June 18, 1910.

Chapter XXIV makes reference to the applications filed with the Interstate Commerce Commission by the carriers in Southern Territory for relief from the operation of the amended long-and-short-haul provision of the law and describes the arguments presented by the carriers in support of their petitions at the various public hearings held by the Commission.

Appendixes B, C, and D give the details of the C mission's decision in the case, as announced in Fou Section Order No. 3866 of April 13, 1914.

While these matters have been fully dealt with in treatise, we shall refer briefly to some of the m important incidents and influences that have led to new adjustment and explain in a general way the sc and effect of Fourth Section Order No. 3866 bef proceeding to the actual changes that have taken pl in the rates and bases described in the treatise.

1. The Amended Fourth Section

For the sake of ready comparison the text of Fourth Section as originally enacted and as amended reproduced in part below:

As Originally Enacted February 4, 1887	As Amended June 18, 1910
That it shall be unlawful for any common carrier subject to the provisions of this Act to charge or receive any greater compensation in the aggregate for the transportation of passengers or of like kind of property, under substantially similar circumstances and conditions, for a shorter than for a longer distance over the same line, in the same direction, the shorter being included within the longer distance; * * * Provided, however, That upon application to the Commission appointed under the provisions of this Act, such common car-	That it shall be unlawful any common carrier subjec the provisions of this Ac charge or receive any gre compensation in the aggre for the transportation of sengers, or of like kind of p erty, for a shorter than f longer distance over the s line or route in the same d tion, the shorter being incl within the longer distance to charge any greater com sation as a through route the aggregate of the inte diate rates subject to the p sions of this Act; * * Provided, however, That

rier may, in special cases, after investigation by the Commission, be authorized to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section of this Act.

application to the Interstate Commerce Commission such common carrier may in special cases, after investigation, be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the Commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section; * * *

Attention is especially directed to the disappearance in the amendment of the qualifying words "under substantially similar circumstances and conditions."

For the better understanding of this important change a brief explanation of the purpose of the Fourth Section as originally enacted and of the circumstances that led to its alteration will be helpful.

The underlying purpose of the Act to Regulate Commerce was to equalize transportation conditions and to provide equal opportunities for all. This purpose is especially pronounced in the Third Section, wherein it is declared unlawful for any common carrier to make or give any undue or unreasonable preference or advantage to any particular person, company, firm, corporation, or locality, or on any particular description of traffic, in any respect whatsoever. The Fourth Section is but a particularization of the Third Section as to localities.

It was believed by Congress that the exaction of higher charges for the transportation of property to an intermediate point than to a further distant point on the same route created a disability at the intermediate point. The

Fourth Section as originally enacted was designe remove or minimize such disabilities. While this pur was accomplished in some parts of the country, it realized only to a very small extent in Southern T tory, owing to the significance there attached to qualifying words "under substantially similar cir stances and conditions."

The interpretation placed upon these words by southern carriers, and upheld by the courts, was such all points where competition occurred presented c tions dissimilar to those existing at intermediate p where competition did not obtain. Hence all points circumstanced became exempt from the operation o long-and-short-haul prohibition, and no application t Commission for relief in these cases was necessary. initiative remained with the carriers.

By the amendatory Act of June 18, 1910, twenty- years after the original enactment, the qualifying pl was eliminated, thereby making literally effectiv long-and-short-haul prohibition except where depar therefrom might first be authorized by the Commis

Acting under the provisions of the Fourth Sectio carriers, within six months from the passage o amendatory Act, filed applications with the Commi for relief from the operation of the long-and-short prohibition, their current adjustments being law continued under the terms of the section until decisi the Commission should be reached. After a seri public hearings followed by the submittal of briefs arguments, the cases were taken under consideratio the Commission, and a decision was subsequ announced in Fourth Section Order No. 3866, Apr 1914.

2. Fourth Section Order No. 3866

The Commission's decision as expressed in Order No. 3866 has necessitated a complete revolution in the method of rate construction in the South. Under former practices competition, as found, was recognized at certain points, and rates to intermediate points were made on the lowest combination, but not in excess of continuous mileage scales.

The Order, while specifying certain destinations at which relief from the operation of the long-and-short-haul requirements was granted, denied it at all other points and made operative as maxima at non-competitive intermediate places the rates that the carriers might feel justified in establishing, under general competitive conditions, to the points beyond; the lowest combination and the use of continuous mileage scales to prevail only in those instances where they might be less than the above-mentioned principle requires. At points where full or partial relief is granted, the Order has established certain maximum rates which must not be exceeded and prohibits an increase in existing published rates unless the latter shall have been made by combination on the relief point.

The conditions justifying departures from the long-and-short-haul rule were construed to be, generally speaking, substantial water competition beyond the control of the rail carriers severally or jointly.

On pages 32 and 33 of the treatise there is given a list of basing points formerly employed in Southeastern and Mississippi Valley rate construction. Departures from the long-and-short-haul principle have in the past occurred at all these points. Under the new order of

TABLE 1

WATER-AND-RAIL RATES, EFFECTIVE JANUARY 1, 1916, FROM BALTIMORE, MD., TO SOUTHEASTERN COMMON POINTS AND THE BASIS UNDER WHICH RATES TO POINTS OF DESTINATION WERE CONSTRUCTED

FROM BALTIMORE, MD., TO	RATES[1] IN CENTS PER 100 POUNDS									
	Classes									
	1	2	3	4	5	6	A	B	C	D
Albany, Ga.	107	92	81	68	56	46	37	45	36	32
Anniston, Ala.	112	96	85	72	59	49	39	49	37	33
Athens, Ga.	107	92	81	68	56	46	37	45	36	32
Atlanta, Ga.	107	92	81	68	56	46	37	45	36	32
Attalla, Ala.	112	96	85	72	59	49	39	49	37	33
Augusta, Ga.	90	79	70	55	46	39	30	39	31	27
Birmingham, Ala.	112	96	85	72	59	49	39	49	37	33

[1] Governed by Southern Classification.

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In constructing the rates to Atlanta, (
mediate points, three maxima had to be ob
the through rate must not exceed the ag
intermediate rates; second, it must not ex
age scale prescribed by the Commission
page 371, of the treatise); and third, the
mediate points must not exceed the rates t
and there remained the question of so co
rates that the aggregate revenue derived f
ment of the traffic in the past should not b
impaired. The first-class rate, Louis
Atlanta, Ga., had been 98 cents. Instead
this rate, making it thereby the maximum t
points, the new rate was fixed at $1.07, th
new water-and-rail rate from Baltimore,
rate to Chattanooga, Tenn., was made 76
of 70 cents. Starting with this higher fi
noted from the chart, following the heavy
the rate advances until 107 cents, the
reached and that from there on to Atlanta
formerly above and below 107 have be
that level.

Taking now the second part of the illustr

TABLE 1—Continued

From Baltimore, Md., To	Basis
Bladen, Ga	Waycross, Ga., rates subject to combination as maxima
Blocton, Ala	Woodstock, Ala., rates, except that all-rail rates are made usual differentials over rail-and-water rates
Blocton Junction, Ala	Blocton-Tuscaloosa, Ala., rates subject to combination as maxima
Bremen, Ga	Anniston, Ala., rates subject, as maxima, to I. C. C. two-line scale for 600 miles and Rome, Ga., rates
Brunswick, Ga	Jacksonville, Fla., rates
Burroughs, Ga	Waycross, Ga., rates subject to Savannah combination as maxima
Calera, Ala	Classes B and D, I. C. C. two-line scale for 700 miles; C, 4 cents higher than D; other classes, realigned. Rates were formerly made by adding to Anniston, Ala., rates under ten-mile local scale of the E. T. V. & G. R. R., tariff in effect May, 1895
Cartersville, Ga	Cedartown, Ga., rates
Cedartown, Ga	Anniston, Ala., rates
Charleston, S. C	Deduct following differentials from rates to Savannah: 5 5 4 4 3 2 2 2 2 2
Chattanooga, Tenn	Atlanta Ga., rates
Claxton, Ga	Via Virginia ports, Vidalia, Ga., rates subject to Savannah combination as maxima. Via South Atlantic Ports, Vidalia, Ga., rates subject to Savannah, Ga., combination as maxima, using all-water (insured) proportional rates to Savannah
Collins, Ga	Via Virginia Ports, Vidalia, Ga., rates subject to Savannah combination as maxima. Via South Atlantic Ports, Vidalia, Ga., rates subject to Savannah combination as maxima, using all-water (insured) proportional rates to Savannah

Being a relief point, it is permitted to add to its 95-cent rate the local rate[1] back to the intermediate points in fixing the rates to those points, provided the maximum scale set forth in the Order is not exceeded. This process has been carried back to the point where it reaches the maximum intermediate rate, which in this case was arbitrarily made the rate to Helena, Ga.

The foregoing illustrates in a general way the effect of Order No. 3866 as worked out by the carriers.

In the following chapters we shall endeavor to describe in detail the changes that have taken place in the rate adjustments discussed in the treatise.

It should be stated in this connection, however, that the revision of rates under Order No. 3866 will not entirely dispose of the case submitted to the Commission.

The applications of the carriers for relief from the operation of the long-and-short-haul provision of the law covered all rates to, from, and between points in Southern Territory, while the decision as set forth in Order No. 3866 dealt only with rates on traffic from and through the borders of the territory to the southeast (not including Tennessee River landings below Chattanooga) and to the Mississippi Valley. However, in carrying out the order of the Commission many other adjustments, not directly affected by the Order, were revised in order to preserve a proper relation. Further hearings before the Commission may be anticipated in connection with certain portions of the carriers' petitions that have not yet been considered, and further orders may be expected announcing the Commission's decision thereon.

[1] As per Southern Railway Georgia Local Tariff No. 7. I. C. C., A-6342, supplements thereto and reissues thereof.

CHAPTER II

RATES[1] FROM THE EAST TO THE SOUTHEAST

1. Class Rates from Eastern Port Cities

The water-and-rail rates from Baltimore to the Southeast fix the rates, with few exceptions, from the other Eastern Port Cities.

From New York and Philadelphia the water-and-rail rates are made, on the classes, the following differentials higher than the water-and-rail rates from Baltimore:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	7	6	5	5	4	3	2	3	3	3

The water-and-rail rates from Boston and Providence (formerly made the same as from New York) are, under the new adjustment, made the following differentials higher than the water-and-rail rates from New York:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	5	4	4	3	3	2	2	2	2	2

[1] In the revision of rates effective January 1, 1916, Classes E, H, and F were eliminated. Specific commodity rates from producing points have been provided on the commodities (ale, beer, porter, etc.) embraced in the E rating of the Southern Classification. Commodities included in Class H (alcoholic liquors, in bulk in wood) have been assigned the fourth-class rating. Class F embraces flour in barrels, per barrel. Instead of providing, as heretofore, a separate line of Class-F rates, the rates on flour in barrels, per standard barrel, by provision in the Southern Classification, have been made double the rate per hundred pounds on flour, in bags, which substantially continues the former basis.

With respect to rates not revised effective January 1, 1916, and now in process of readjustment, Classes E, H, and F are temporarily continued.

Except as specifically provided hereinafter, all-rail rates from Baltimore, Philadelphia, New York, Boston, and Providence are made the following differentials higher than the water-and-rail rates from these points:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	12	10	9	8	6	5	5	5	5	5

In Table 1, which follows, it will be noted that *rates* to specified points are shown on the left-hand page, while the *basis* for rates to the same points is shown on the right-hand page. In Table 2 the basis for rates to a number of specified points is shown, while in Tables 3, 4, and 5 the basis for rates to local points on specified roads is shown. A study of these tables will show how closely these rates are related to one another.

TABLE 1

Water-and-Rail Rates, Effective January 1, 1916, from Baltimore, Md., to Southeastern Common Points and the Basis under Which Rates to Points of Destination Were Constructed

From Baltimore, Md., To	Rates[1] in Cents per 100 Pounds									
	Classes									
	1	2	3	4	5	6	A	B	C	D
Albany, Ga.	107	92	81	68	56	46	37	45	36	32
Anniston, Ala.	112	96	85	72	59	49	39	49	37	33
Athens, Ga.	107	92	81	68	56	46	37	45	36	32
Atlanta, Ga.	107	92	81	68	56	46	37	45	36	32
Attalla, Ala.	112	96	85	72	59	49	39	49	37	33
Augusta, Ga.	90	79	70	55	46	39	30	39	31	27
Birmingham, Ala.	112	96	85	72	59	49	39	49	37	33

[1] Governed by Southern Classification.

TABLE 1—Continued

WATER-AND-RAIL RATES, EFFECTIVE JANUARY 1, 1916, FROM BALTIMORE, MD., TO SOUTHEASTERN COMMON POINTS AND THE BASIS UNDER WHICH RATES TO POINTS OF DESTINATION WERE CONSTRUCTED

FROM BALTIMORE, MD., TO	BASIS
Albany, Ga.	Atlanta, Ga., rates
Anniston, Ala.	Birmingham, Ala., rates
Athens, Ga.	Atlanta, Ga., rates
Atlanta, Ga.	Prior to February 1, 1905, the rates from Baltimore, water and rail, were: 107 92 81 68 56 46 34 45 37 36 Effective February 1, 1905, these rates were reduced to the following figures as the result of pressure brought to bear by the Railroad Commission of Georgia and the Atlanta Freight Bureau: 98 87 78 63 52 41 34 45 37 36 In revising rates under Order No. 3866 the rates in effect prior to February 1, 1905, were restored, except that Class A was advanced 3 cents and Classes C and D were reduced 1 and 4 cents respectively
Attalla, Ala.	Birmingham, Ala., rates
Augusta, Ga.	Effective January 1, 1916, the old rates which were fixed with relation to all-water combination on Savannah were re-aligned. Classes 1, 2, 3, and 6 were fixed to conform more nearly in a relative sense, to other adjustments. Classes 4 and 5 were made on Savannah combination. Class C was made 4 cents higher than Class D. Class D was reduced 1 cent by use of I. C. C. two-line mileage scale
Birmingham, Ala.	Add following differentials to rates to Atlanta, Ga.: 5 4 4 4 3 3 2 4 1 1

Note.—The term "combination as maxima" means *any* combination which will reduce the basis otherwise employed. Where the use of combination is limited, it is specified, as for example, "Brunswick combination," "Savannah combination."

TABLE 1—Continued

From Baltimore, Md., To	Basis
Bladen, Ga	Waycross, Ga., rates subject to combination as maxima
Blocton, Ala	Woodstock, Ala., rates, except that all-rail rates are made usual differentials over rail-and-water rates
Blocton Junction, Ala	Blocton-Tuscaloosa, Ala., rates subject to combination as maxima
Bremen, Ga	Anniston, Ala., rates subject, as maxima, to I. C. C. two-line scale for 600 miles and Rome, Ga., rates
Brunswick, Ga	Jacksonville, Fla., rates
Burroughs, Ga	Waycross, Ga., rates subject to Savannah combination as maxima
Calera, Ala	Classes B and D, I. C. C. two-line scale for 700 miles; C, 4 cents higher than D; other classes, realigned. Rates were formerly made by adding to Anniston, Ala., rates under ten-mile local scale of the E. T. V. & G. R. R., tariff in effect May, 1895
Cartersville, Ga	Cedartown, Ga., rates
Cedartown, Ga	Anniston, Ala., rates
Charleston, S. C	Deduct following differentials from rates to Savannah: 5 5 4 4 3 2 2 2 2 2
Chattanooga, Tenn	Atlanta Ga., rates
Claxton, Ga	Via Virginia ports, Vidalia, Ga., rates subject to Savannah combination as maxima. Via South Atlantic Ports, Vidalia, Ga., rates subject to Savannah, Ga., combination as maxima, using all-water (insured) proportional rates to Savannah
Collins, Ga	Via Virginia Ports, Vidalia, Ga., rates subject to Savannah combination as maxima. Via South Atlantic Ports, Vidalia, Ga., rates subject to Savannah combination as maxima, using all-water (insured) proportional rates to Savannah

TABLE 1—Continued

From Baltimore, Md., To	Basis
Columbia, Ala	Dothan, Ala., rates
Cordele, Ga	Albany, Ga., rates
Cordova, Ala	Add following differentials to the all-rail rates to Birmingham, Ala.: 12 11 9 7 6 4 6 7 4 3
Culloden, Ga	Same as Southern Ry. stations between Atlanta, Ga., and Birmingham, Ala.; i. e. (Bremen-Birmingham-Anniston rates), subject to I. C. C. scale for 550 miles as maxima
Cuyler, Ga	Via Virginia Ports, Vidalia, Ga., rates subject to Savannah combination as maxima. Via South Atlantic Ports, Vidalia, Ga., rates subject to Savannah combination as maxima, using all-water (insured) proportional rates to Savannah
Decatur, Ala	Chattanooga, Tenn., all-rail rates
Dothan, Ala	Add the following differentials to the rates to Montgomery, Ala.: 6 6 5 3 3 2 3 1 1 1
Demopolis, Ala	Add the following differentials to the rates to Selma, Ala.: 10 8 6 5 4 4 4 4 4 4
Everett (Glynn Co.), Ga	Jesup, Ga., rates subject to Brunswick, Ga., combination as maxima.
Fitzgerald, Ga	Atlanta, Ga., rates subject to combination on South Atlantic Ports as maxima
Florala, Ala	Same as to intermediate points on the Central of Georgia Ry. between Dothan and Florala, Ala.; i. e., add following differentials to rates to Dothan, Ala.: 12 11 10 9 8 8 8 8 6 6 subject to Dothan, Ala., combination as maxima.
Florence, Ala	Chattanooga, Tenn., all-rail rates
Hagan, Ga	Via Virginia Ports, Vidalia, Ga., rates subject to Savannah combination as maxima. Via South Atlantic Ports, Vidalia, Ga., rates subject to Savannah combination as maxima, using all-water (insured) proportional rates to Savannah

CHAPTER II

RATES: FROM THE EAST TO THE SOUTHEAST

1. Class Rates from Eastern Port Cities

The water-and-rail rates from Baltimore to the Southeast fix the rates, with few exceptions, from the other Eastern Port Cities.

From New York and Philadelphia the water-and-rail rates are made, on the classes, the following differentials higher than the water-and-rail rates from Baltimore:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	7	6	5	5	4	3	2	3	3	3

The water-and-rail rates from Boston and Providence (formerly made the same as from New York) are, under the new adjustment, made the following differentials higher than the water-and-rail rates from New York:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	5	4	4	3	3	2	2	2	2	2

[1] In the revision of rates effective January 1, 1916, Classes E, H, and F were eliminated. Specific commodity rates from producing points have been provided on the commodities (ale, beer, porter, etc.) embraced in the E rating of the Southern Classification. Commodities included in Class H (alcoholic liquors, in bulk in wood) have been assigned the fourth-class rating. Class F embraces flour in barrels, per barrel. Instead of providing, as heretofore, a separate line of Class-F rates, the rates on flour in barrels, per standard barrel, by provision in the Southern Classification, have been made double the rate per hundred pounds on flour, in bags, which substantially continues the former basis.

With respect to rates not revised effective January 1, 1916, and now in process of readjustment, Classes E, H, and F are temporarily continued.

TABLE 1—Continued

From Baltimore, Md., To	Basis
Haleyville, Ala.	First class, 12 cents higher than all-rail rates to Birmingham, Ala.; other classes fixed to correspond with first-class rate
Haylow, Ga.	Combination on Brunswick, Ga., and Jacksonville, Fla., (using all-water (insured) rates to Brunswick, Ga., and Jacksonville, Fla.) subject, as maxima, to I. C. C. two-line scale for 400 miles, except Class D, made same as to Dupont, Ga.
Hazelhurst, Ga.	I. C. C. two-line scale for 350 miles subject to Macon, Ga., rates as minima, and Atlanta, Ga., rates and Brunswick, Ga., combination as maxima
Helena, Ga.	I. C. C. two-line scale for 400 miles subject to Macon, Ga., rates as minima and Atlanta, Ga., rates and lowest combination as maxima
Holt, Ala.	Columbus, Miss., rates subject to Bessemer, Ala., combination as maxima
Hortense, Ga.	Waycross, Ga., rates subject to combination as maxima
Huntsville, Ala.	Chattanooga, Tenn., all-rail rates
Hurtsboro, Ala.	Troy, Ala., rates
Jacksonville, Fla.	Add following differentials to rates to Savannah: 3 3 3 2 2 2 2 2 2 2
Jasper, Ala.	First class, 12 cents higher than Birmingham, Ala., all-rail rate; other classes fixed to correspond with first-class rate
Jesup, Ga.	Via Virginia Ports, Waycross, Ga., rates subject to combination as maxima. Via South Atlantic Ports, Waycross, Ga., rates subject to combination as maxima, except Classes A and D, same as to Hawkinsville, Ga.
Kimbrough, Ga.	Albany, Ga., rates subject to combination as maxima
LaGrange, Ga.	Atlanta, Ga., rates
Leeds, Ala.	Birmingham, Ala., rates

TABLE 1—Continued

From Baltimore, Md., To		Rates[1] in Cents per 100 Pou								
		Classes								
		1	2	3	4	5	6	A	B	
Lockhart, Ala.		130	113	100	84	70	60	50	58	4
Macon, Ga.		102	89	78	65	55	45	35	44	3
Maplesville, Ala.		125	107	95	80	65	54	44	54	4
Meldrim, Ga.	Via Va. Ports	107	90	81	68	54	43	37	40	3
	Via S. A. Ports	89	75	64	48	42	34	34	32	2
	Via all rail	111	94	88	76	60	48	42	45	3
Midville, Ga.		107	92	81	68	56	46	37	42	3
Millen, Ga.	Via Va. Ports	107	92	81	68	54	43	37	40	3
	Via S. A. Ports	107	92	81	68	54	43	37	40	3
	Via all rail	119	102	90	76	60	48	42	45	3
Monroe, Ga.		107	92	81	68	56	46	37	45	3
Montgomery, Ala.		112	96	85	72	59	49	39	49	3
Newnan, Ga.		112	96	85	72	59	49	39	48	3
Ocilla, Ga.		107	92	81	68	56	46	37	45	3

[1] Governed by Southern Classification.

TABLE 1—Continued

From Baltimore, Md., To	Basis
Lockhart, Ala.	Same as to intermediate points on the Central of Georgia Ry. between Dothan and Lockhart, Ala.; i. e., following differentials over Dothan, Ala.: 12 11 10 9 8 8 8 8 6 6 subject to Dothan, Ala., combination as maxima
Macon, Ga.	Classes 1, 3, 4, 5, and 6, same as in effect prior to February 1, 1905; Class 2, realigned; Class A, same as to Atlanta; Class B, continued; Class C, I. C. C. two-line scale for 450 miles; Class D, made 4 cents less than Class C
Maplesville, Ala.	First class, continued; Class D, I. C. C. two-line scale for 750 miles; Class C, 4 cents higher than Class D; other classes, realigned
Meldrim, Ga.	Via Virginia Ports, Vidalia, Ga., rates subject to Savannah combination as maxima. Via South Atlantic Ports, Savannah combination, using all-water (insured) proportional rates to Savannah, except Class D, made same as to Augusta
Midville, Ga.	I. C. C. two-line scale for 350 miles subject to Macon, Ga., rates as minima and Atlanta, Ga., rates and Savannah combination as maxima
Millen, Ga.	Via Virginia Ports, Vidalia, Ga., rates; via South Atlantic Ports, I. C. C. two-line scale for 350 miles, subject to Atlanta, Ga., rates and Savannah combination as maxima
Monroe, Ga.	Social Circle, Ga., rates; Social Circle, Ga., same as to Atlanta, Ga.
Montgomery, Ala.	Birmingham, Ala., rates
Newnan, Ga.	Bremen, Ga., rates, but not exceeding I. C. C. two-line scale for 550 miles with Rome, Ga., rates as minima
Ocilla, Ga.	Atlanta, Ga., rates subject to South Atlantic Ports combination as maxima

TABLE 1—Continued

From Baltimore, Md., To		Rates[1] in Cents per 100 Po							
		Classes							
		1	2	3	4	5	6	A	B
Offerman, Ga.	Via Va. Ports	106	91	77	62	51	40	37	37
	Via S. A. Ports	104	89	76	61	51	39	37	39
	Via all rail	118	101	86	70	57	45	42	42
Opelika, Ala.		112	96	86	72	59	49	39	49
Ozark, Ala.		118	102	90	75	62	51	42	50
Paschal (called Junction City on A. B. & A.), Ga.		107	92	81	65	50	46	37	45
Paxton, Fla.		120	113	100	84	70	59	50	50
Perry, Ga.		116	102	90	75	62	51	42	50
Quitman, Ga.		107	92	81	68	56	46	37	45
Register, Ga.	Via Va. Ports	107	92	81	68	54	43	37	40
	Via S. A. Ports	107	92	81	67	54	43	37	40
	Via all rail	119	102	90	76	60	48	42	45
River Junction, Fla.		118	102	90	73	61	50	38	47
Rockmart, Ga.		112	96	85	72	59	49	39	49
Rocky Ford, Ga.		107	92	80	64	53	42	37	35
Rome, Ga.		107	92	81	68	56	46	37	45

[1] Governed by Southern Classification.

TABLE 1—Continued

From Baltimore, Md., To	Basis
Offerman, Ga	Waycross, Ga., rates subject to combination as maxima
Opelika, Ala	Leeds, Ala., rates
Ozark, Ala	Add following differentials to rates to Montgomery, Ala.: 6 6 5 3 3 2 3 1 1 1
Paschal, Ga	Atlanta, Ga., rates
Paxton, Fla	Same as to intermediate points on Central of Georgia Ry. between Dothan, Ala., and Paxton, Fla., i. e., add following differentials to rates to Dothan, Ala.: 12 11 10 9 8 8 8 8 6 6 subject to Dothan, Ala., combination as maxima
Perry, Ga	Same as to Central of Georgia Ry. stations between Fort Valley and Perry, Ga.; i. e., add following differentials to rates to Fort Valley, Ga.: 11 10 9 7 6 5 5 5 2 2
Quitman, Ga	Albany, Ga., rates subject to combination as maxima
Register, Ga	Via Virginia Ports, Vidalia, Ga., rates. Via South Atlantic Ports, Stillmore, Ga., rates on Classes 1, 2, 3, and A; Savannah combination on Classes 4, 5, 6, B, and C, using all-water proportional rates to Savannah; Dublin, Ga., rates on Class D
River Junction, Fla	From New York, Columbia-Fort Gaines rates, subject to Jacksonville, Fla., combination as maxima; Baltimore made Southeastern differentials less than from New York
Rockmart, Ga	Cedartown, Ga., rates subject to I. C. C. scale for 600 miles as maxima
Rocky Ford, Ga	Savannah combination, subject to Atlanta, Ga., rates and I. C. C. two-line scale for 350 miles as maxima and Augusta, Ga., rates as minima
Rome, Ga	Atlanta, Ga., rates

TABLE 1—Continued

From Baltimore, Md., To		Rates[1] in Cents per 100 Pou								
		Classes								
		1	2	3	4	5	6	A	B	C
Sampson, Ala.		130	113	100	84	70	59	50	58	4
Sandersville, Ga.		107	92	81	68	56	46	37	44	3
Savannah, Ga.	Uninsured	76	64	60	55	46	37	28	30	2
	Insured	84	70	65	59	49	39	30	32	2
	Via all water, insured	66	55	45	33	28	23	23	22	2
Selma, Ala.		112	96	85	72	59	49	39	49	3
Senoia, Ga.		107	92	81	68	56	46	37	45	3
Sheffield, Ala.[2]		119	102	90	76	62	51	42	50	4
Statesboro, Ga.	Via Va. Ports	107	92	81	68	54	43	37	40	3
	Via S. A. Ports	107	92	80	64	53	42	37	39	3
	Via all rail	119	102	90	76	60	48	42	45	3
Stillmore, Ga.		107	92	81	68	56	46	37	42	3
Sylacauga, Ala.		112	96	85	72	59	49	39	49	3
Sylvester, Ga.		107	92	81	68	56	46	37	45	3

[1] Governed by Southern Classification.
[2] Also applies via all rail.

TABLE 1—Continued

From Baltimore, Md., To	Basis
Sampson, Ala.	Same as to intermediate points on the Central of Georgia Ry. between Dothan and Sampson, Ala., i. e., following differentials over Dothan, Ala.: 12 11 10 9 8 8 8 8 6 6 subject to Dothan, Ala., combination as maxima
Sandersville, Ga.	I. C. C. scale for 400 miles with Atlanta, Ga., rates as maxima and Macon, Ga., rates as minima
Savannah, Ga.	From New York and Philadelphia, Classes 1 to 6 inclusive, made established all-rail differentials less than all-rail rates from Pittsburgh to Savannah. (Exceptions.—In order to preserve present differentials Savannah under Jacksonville in water-and-rail rates from Eastern Ports, Classes 3 and 6 were made one cent lower than this basis in order that the all-rail rate from interior eastern points intermediate to Pittsburgh would not exceed the all-rail rate from Pittsburgh to Jacksonville.) Classes A, B, C, and D are fixed figures. From Baltimore rail-and-water, made established differentials (7-cent scale) under New York
Selma, Ala.	Birmingham, Ala., rates
Senoia, Ga.	Atlanta, Ga., rates
Sheffield, Ala.	Chattanooga, Tenn., all-rail rates
Statesboro, Ga.	Via Virginia Ports, Vidalia, Ga., rates. Via South Atlantic Ports, Stillmore, Ga., rates on Classes 1, 2, and A; Savannah combination on Classes 3, 4, 5, 6, B, and C; using all-water proportional rates to Savannah; Dublin, Ga., rates on Class D
Stillmore, Ga.	Midville, Ga., rates on Classes 1, 2, 3, 4, 5, 6, and A; Savannah combination on Class B; Dublin, Ga., rates on Classes C and D
Sylacauga, Ala.	Leeds, Ala., rates
Sylvester, Ga.	Albany, Ga., rates

TABLE 1—Continued

From Baltimore, Md., To		Rates in Cents per 100 Pounds									
		Classes									
		1	2	3	4	5	6	A	B	C	[illegible]
Talladega, Ala.		112	96	85	72	59	49	39	49	37	[illegible]
Tennille, Ga.		107	92	81	68	56	46	37	44	33	[illegible]
Thalmann, Ga.	Via Va. Ports	106	91	77	62	51	40	37	37	31	[illegible]
	Via S. A. Ports	91	78	65	51	43	36	36	33	29	[illegible]
	Via all rail	116	100	86	70	57	45	42	42	36	[illegible]
Thomaston, Ga.		112	96	85	72	59	49	39	48	37	[illegible]
Thomasville, Ga.		107	92	81	68	56	46	37	45	36	[illegible]
Tifton, Ga.		107	92	81	68	56	46	37	45	35	[illegible]
Troy, Ala.		118	102	90	75	62	51	42	50	38	[illegible]
Tuscaloosa, Ala.[2]		136	117	103	87	71	58	50	61	49	[illegible]
Valdosta, Ga.		107	92	81	68	56	46	37	44	35	[illegible]
Vidalia, Ga.		107	92	81	68	54	43	37	40	32	[illegible]
Wadley, Ga.		107	92	81	68	56	46	37	43	33	[illegible]
Warsaw, Ga.	Via Va. Ports	106	91	77	62	51	40	37	37	31	[illegible]
	Via S. A. Ports	100	85	73	58	47	37	37	35	29	[illegible]
	Via all rail	118	101	86	70	57	45	42	42	36	[illegible]
Waycross, Ga.		106	91	77	62	51	40	37	37	31	[illegible]
Waynesboro, Ga.		107	92	81	68	56	46	37	42	32	[illegible]
Ways, Ga.	Via Va. Ports	106	89	77	62	51	40	37	37	31	[illegible]
	Via S. A. Ports	88	74	63	47	41	34	34	32	28	[illegible]
	Via all rail	110	93	86	70	57	45	42	42	34	[illegible]
Wesley, Ga.		107	92	81	68	56	46	37	43	33	[illegible]

[1] Governed by Southern Classification.
[2] Also applies via all rail.

TABLE 1—Continued

From Baltimore, Md., To	Basis
Talladega, Ala	Anniston, Ala., rates
Tennille, Ga	I. C. C. scale for 400 miles subject to Atlanta, Ga., rates as maxima and Macon, Ga., rates as minima
Thalmann, Ga	Waycross, Ga., rates subject to combination as maxima
Thomaston, Ga	Newnan, Ga., rates
Thomasville, Ga	Albany, Ga., rates subject to combination as maxima
Tifton, Ga	Albany, Ga., rates subject to combination as maxima
Troy, Ala	Add following differentials to rates to Montgomery, Ala.: 6 6 5 3 3 2 3 1 1 1
Tuscaloosa, Ala	Columbus, Miss., rates subject to Bessemer, Ala., combination as maxima
Valdosta, Ga	Albany, Ga., rates subject to combination as maxima
Vidalia, Ga	Helena, Ga., rates subject to combination as maxima, except Class D, made same as to Dublin, Ga.
Wadley, Ga	I. C. C. two-line scale for 400 miles subject to Atlanta, Ga., rates and lowest combination as maxima and Macon, Ga., rates as minima
Warsaw, Ga	Waycross, Ga., rates subject to combination as maxima (Darien, Ga., combination)
Waycross, Ga	Albany, Ga., rates subject to combination as maxima
Waynesboro, Ga	Midville, Ga., rates on Classes 1, 2, 3, 4, 5, 6, and A; Savannah combination on Class B; I. C. C. two-line scale for 350 miles on Classes C and D
Ways, Ga	Waycross, Ga., rates subject to combination as maxima
Wesley, Ga	Savannah combination with Brewton, Ga., rates and I. C. C. two-line scale for 400 miles as maxima, and Dublin, Ga., rates as minima where Savannah combination does not make less.

TABLE 1—Concluded

From Baltimore, Md., To		Rates in Cents per 100 Pounds									
		Classes									
		1	2	3	4	5	6	A	B	C	D
Woodstock, Ala.	Via water and rail	135	116	102	86	71	58	49	60	45	40
	Via all rail	136	117	103	87	71	58	50	61	49	43½
Yatesville, Ga.		112	96	85	72	59	49	39	48	37	32
York, Ala.[2]		144	124	109	93	76	64	54	64	51	46

[1] Governed by Southern Classification.
[2] Also applies via all rail.

TABLE 1—Concluded

From Baltimore, Md., To	Basis
Woodstock, Ala.	Blocton-Tuscaloosa, Ala., rates subject to combination as maxima
Yatesville, Ga.	Same as Southern Ry. stations between Atlanta and Birmingham, Ala.; i. e., Bremen-Birmingham-Anniston rates, subject to I. C. C. two-line scale for 550 miles as maxima
York, Ala.	Add following differentials to all-rail rates to Birmingham, Ala.: 20 18 15 13 11 10 10 10 .9 9 subject to Demopolis, Ga., combination as maxima

TABLE 2

Basis for Constructing Rates from Baltimore, Md., to Other Southeastern Common Points Made with Relation to Rates Shown in Table 1

From Baltimore, Md., To	Basis
Abba, Ga	Atlanta, Ga., rates subject to Brunswick, Ga., combination as maxima
Adel, Ga	I. C. C. two-line scale applied to constructive water mileage of 270 miles (actually employed in prorating from Baltimore to Jacksonville), plus G. S. & F. actual mileage thence, observing rates to Tifton and Cordele, Ga., as minima and lowest combination as maxima
Adrian, Ga	Wadley, Ga., rates on Classes 1, 2, 3, 4, 5, 6, and A; Class B, I. C. C. two-line scale for 400 miles; Classes C and D, same as to Dublin, Ga.
Akron, Ala[1]	York, Ala., rates
Alabama City, Ala	Birmingham, Ala., rates
Alapaha, Ga	Albany, Ga., rates subject to combination as maxima
Americus, Ga	Atlanta, Ga., rates
Andalusia, Ala	Same as to intermediate points on Central of Georgia Ry. between Troy and Andalusia, Ala., viz., add following differentials to rates to Troy, Ala.: 7 6 5 4 4 4 4 4 4 4
Apalachee, Ga	Athens, Ga., rates
Aragon, Ga	Cedartown, Ga., rates subject to I. C. C. two-line scale for 600 miles as maxima
Ariton, Ala	Same as to A. C. L. stations on either side, viz., Ozark, Ala., rates
Arkwright, Ala	Sylacauga, Ala., rates
Arlington, Ga	Dothan, Ala., rates
Ashburn, Ga	Atlanta, Ga., rates
Bainbridge, Ga	Atlanta, Ga., rates
Barclays, Ala	Anniston, Ala., rates
Beaufort, S. C	Savannah, Ga., rates
Bessemer, Ala	Birmingham, Ala., rates
Boston, Ga	Atlanta, Ga., rates
Boyce, Tenn	Chattanooga, Tenn., rates

[1] Water-and-rail rates also apply all rail.

TABLE 2—Continued

From Baltimore, Md., To	Basis
Boyles, Ala.	Birmingham, Ala., rates
Brewton, Ga.	Wadley, Ga., rates on Classes 1, 2, 3, 4, 5, 6, and A; Class B, two-line scale for 400 miles; Classes C and D, same as to Dublin, Ga.
Bullochville (called Warm Springs on Southern Ry.) Ga.	LaGrange, Ga., rates
Camilla, Ga.	Albany, Ga., rates
Chattahoochee River, Fla.	River Junction, Fla., rates
Childersburg, Ala.	Leeds, Ala., rates
Columbiana, Ala.	First class, continued; Classes 2, 3, 4, 5, 6, and A, fixed figures; Classes B and D, I. C. C. two-line scale for 700 miles; Class C, 4 cents higher than D
Columbus, Ga.	Atlanta, Ga., rates
Covington, Ga.	Atlanta, Ga., rates
Cuthbert, Ga.	Ozark, Ala., rates
Dallas, Ga.	Rockmart, Ga., rates
Dalton, Ga.	Atlanta, Ga., rates
Dawson, Ga.	Albany, Ga., rates
Double Run, Ga.	Cordele, Ga., rates
Douglas, Ga.	Fitzgerald, Ga., rates subject to Brunswick, Ga., combination as maxima
Dublin, Ga.	Macon, Ga., rates
Durand, Ga.	LaGrange, Ga., rates
East Birmingham, Ala.	Birmingham, Ala., rates
Eastman, Ga.	I. C. C. two-line scale for 400 miles subject to Macon, Ga., rates as minima, with Atlanta rates and lowest combination as maxima
East Point, Ga.	Atlanta, Ga., rates
Elberton, Ga.	Atlanta, Ga., rates
Empire, Ga.	I. C. C. two-line scale for 400 miles, subject to Macon, Ga., rates as minima, with Atlanta, Ga., rates and lowest combination as maxima
Fort Davis, Ala.	Hurtsboro, Ala., rates
Fort Gaines, Ga.	Columbia, Ala., rates; also same as to intermediate points on Central of Georgia Ry. between Cuthbert and Fort Gaines, Ga.

TABLE 2—Continued

From Baltimore, Md., To	Basis
Fort Valley, Ga	Paschal, Ga., rates
Gadsden, Ala	Birmingham, Ala., rates
Gainesville, Ga	Atlanta, Ga., rates
Gate City, Ala	Birmingham, Ala., rates
Grasselli, Ala	Birmingham, Ala., rates
Griffin, Ga	Atlanta, Ga., rates
Grovania, Ga	I. C. C. two-line scale applied to const tive mileage of 270 miles (actually ployed in prorating from Baltimor Jacksonville), plus G. S. & F. actual m age thence, observing rates to Tifton Cordele, Ga., as minima and lowest c bination as maxima
Gurnee, Ala	Blocton, Ala., rates
Hargrove, Ala	Blocton, Ala., rates
Harris, Ga	Same as to intermediate points on Centr Georgia Ry. between Columbus and I monds, Ga., i. e., add following diffe tials to rates to Columbus, Ga.: 11 10 9 7 6 5 5 5 2 2
Hawkinsville, Ga	Macon, Ga., rates
Helena, Ala	Birmingham, Ala., rates
Henry Ellen, Ala	Birmingham, Ala., rates
Hillman, Ala	Birmingham, Ala., rates
Irondale, Ala	Birmingham, Ala., rates
Jacksonville, Ala	Anniston, Ala., rates
Jenifer, Ala	Anniston, Ala., rates
Junction City, Ga	See Paschal, Ga.
Lawrenceville, Ga	Atlanta, Ga., rates
Lindale, Ga	Rome, Ga., rates
Ludowici, Ga	Jesup, Ga., rates subject to combinatio maxima
Madison, Ga	Atlanta, Ga., rates
Marietta, Ga	Cartersville, Ga., rates
McRae, Ga	Same basis to Helena, Ga.
Milldale, Fla	Jacksonville, Fla., rates
Milledgeville, Ga	Macon, Ga., rates
Montezuma, Ga	Albany, Ga., rates
Moultrie, Ga	Albany, Ga., rates
Munford, Ala	Anniston, Ala., rates
New Decatur, Ala[1]	Chattanooga, Tenn., all-rail rates

TABLE 2—Continued

From Baltimore, Md., To	Basis
North Birmingham, Ala	Birmingham, Ala., rates
Oglethorpe, Ga	Albany, Ga., rates
Osierfield, Ga	Fitzgerald, Ga., rates subject to Brunswick, Ga., combination as maxima, except Class B, made same as to Smiths, Ga. (next station beyond)
Parrish, Ala.[1]	Columbus, Miss., rates subject to Jasper, Ala., rates as maxima
Pelham, Ga	Albany, Ga., rates
Pell City, Ala	Birmingham, Ala., rates
Piedmont, Ala	Anniston, Ala., rates
Pitts, Ga	Albany, Ga., rates
Port Royal, S. C	Savannah, Ga., rates
Pratt City, Ala	Birmingham, Ala., rates
Richland, Ga	Albany, Ga., rates
Roanoke, Ala	Talladega, Ala., rates
Rochelle, Ga	Cordele, Ga., rates
Round Mountain, Ala	Attalla-Gadsden, Ala., rates
Ruffner, Ala	Birmingham, Ala., rates
Seymour, Ala	Blocton, Ala., rates
Sofkee, Ga	Cordele, Ga., rates
Sparks, Ga	I. C. C. two-line scale applied to constructive water mileage of 270 miles (actually employed in prorating from Baltimore to Jacksonville), plus G. S. & F. actual mileage thence, observing rates to Tifton and Cordele, Ga., as minima and lowest combination as maxima
Standing Rock, Ala	Talladega, Ala., rates
Talbotton, Ga.	Atlanta, Ga., rates
Thomas, Ala	Birmingham, Ala., rates
Trussville, Ala	Birmingham, Ala., rates
Tuscombia, Ala.[1]	Chattanooga, Tenn., all-rail rates
Union City, Ga	Atlanta, Ga., rates
Union Spring, Ala	Troy, Ala., rates
Vaughn, Ga	Senoia, Ga., rates
Vienna, Ga	Albany, Ga., rates
Warm Springs, Ga	See Bullochville, Ga.
Washington, Ga	Atlanta, Ga., rates
Wellington, Ala	Anniston, Ala., rates

[1] Water-and-rail rates also apply all rail.

TABLE 2—Concluded

From Baltimore, Md., To	Basis
West Point, Ga.	Opelika, Ala., rates
Willacoochee, Ga.	Albany, Ga., rates subject to combination as maxima
Winder, Ga.	Atlanta, Ga., rates
Woodbury, Ga.	Atlanta, Ga., rates
Woodlawn, Ala.	Birmingham, Ala., rates
Woodward, Ala.	Birmingham, Ala., rates
Worth, Ga.	I. C. C. two-line scale applied to constructive water mileage of 270 miles (actually employed in prorating from Baltimore to Jacksonville), plus G. S. & F. actual mileage thence, observing rates to Tifton and Cordele, Ga., as minima and lowest combination as maxima

TABLE 3

Basis for Rates to Southern Railway Local Stations from Baltimore, Md.

To Stations Between	Basis
STATIONS BETWEEN CHATTANOOGA, TENN., AND ATLANTA, GA.	
Chattanooga and Dalton, not inclusive	Same as to Dalton
Dalton and Rome, not inclusive	Same as to Rome and Atlanta
Rome and Oakdale, including Oakdale, but not including Rome, Lindale, Silver Creek, Chambers, Aragon, Rockmart, Dallas, Hiram, or Powder Springs	Same as to Rockmart and Aragon
Chattahoochee and Peyton, inclusive	Atlanta rates
STATIONS BETWEEN ATLANTA AND BRUNSWICK, GA.	
Atlanta and Macon, not inclusive	Same as to Atlanta
Macon and Hazelhurst, not inclusive, and not including Hawkinsville, Empire, Eastman, Helena, nor McRae	Via South Atlantic Ports, I. C. C. two-line scale, with revised rates to Hawkinsville and Macon as minima where such rates are higher than two-line scale, subject to Atlanta rates and Brunswick combination as maxima. Via Virginia Ports, same as rates via South Atlantic Ports

TABLE 3—Continued

To Stations Between	Basis
Hazelhurst and Jesup, not inclusive	Via South Atlantic Ports, I. C. C. two-line scale, with rates to Hawkinsville and Macon as maxima where such rates are higher than two-line scale, subject to Atlanta rates and Brunswick combination as maxima. Via Virginia Ports, lowest combination, using insured water-and-rail rates to Brunswick, subject to Atlanta rates as maxima
Jesup and Brunswick, not inclusive, and not including Everett	Via South Atlantic Ports, I. C. C. two-line scale for 300 miles, with Macon-Hawkinsville rates (where higher than two-line scale) as minima, subject, as maxima, to Jesup rates, also combination on Brunswick, using all-water basing rates to Brunswick (66-cent scale). Via Virginia Ports, lowest combination, using insured rail-and-water rates to Brunswick (87-cent scale), subject to Jesup rates as maxima
STATIONS ON ATTALLA BRANCH	
Rome and Attalla, not inclusive, and not including Round Mountain, Gadsden, or Alabama City	Same as to stations between Rome and Anniston and same as to Alabama City, Attalla, and Gadsden ($1.12 scale)
STATIONS BETWEEN ROME, GA., AND OXFORD, ALA.	
Rome and Oxford, including Oxford, but not including Piedmont, Rome, Zuni, Jacksonville, or Anniston	Same as to Anniston
STATIONS BETWEEN OXFORD AND SELMA, ALA.	
Oxford and Childersburg, not including Oxford, Jenifer, Munford, Talladega, Barclay, or Childersburg	Same as to Childersburg
Childersburg and Calera, not inclusive, and not including Columbiana	Same as to Maplesville, subject to I. C. C. scale for 700 miles as maxima

TABLE 3—Continued

To Stations Between	Basis
Calera and Maplesville, not inclusive, and between Maplesville and Selma, not inclusive	Same as to Maplesville
STATIONS BETWEEN ATLANTA, GA., AND BIRMINGHAM, ALA.	
Austell and Bremen, not inclusive	Same as to Bremen
Bremen and Birmingham, not inclusive, and not including Anniston, Pell City, nor points in Birmingham Group	Same as to Birmingham
STATIONS BETWEEN BIRMINGHAM AND WILTON, ALA.	
Birmingham and Wilton, not inclusive, and not including Gurnee Junction	Maplesville rates as maxima and Birmingham rates as minima
STATIONS ON FORT VALLEY, GA., BRANCH	
Atlanta and Williamson, not inclusive, and not including Roseland or Vaughn	Same as to Williamson
Williamson (see stations between McDonough and Columbus)	
Williamson and Culloden, not inclusive, and not including Topeka Junction or Yatesville	Same as to Yatesville
Culloden and Fort Valley, not inclusive	Same as to Southern Ry. stations between Atlanta and Birmingham ($1.12 scale), subject to I. C. C. two-line scale for 600 miles as maxima
COLUMBUS DIVISION	
BETWEEN McDONOUGH AND COLUMBUS, GA.	
McDonough and Williamson, not inclusive, and not including Griffin	Same as to Columbus (Atlanta rates)
Williamson	Same as to Columbus (Atlanta rates)
Williamson and Columbus, not inclusive	Same as to Columbus (Atlanta rates)
ATLANTA DIVISION	
Deercourt and Atlanta, not inclusive, and not including Gainesville, Suwanee, or Armour	
Roswell Branch	

TABLE 3—Concluded

To Stations Between	Basis
Elberton Branch, not including Bowersville or Elberton	Same as to Atlanta
Athens Branch, not including Athens	
MEMPHIS DIVISION	
Chattanooga and Florence, not inclusive, and not including Stevenson, Chase, Huntsville, Decatur, Tuscumbia, or Sheffield	Same as to Tuscumbia

TABLE 4

BASIS FOR RATES TO CENTRAL OF GEORGIA RAILWAY STATIONS FROM BALTIMORE, MD.

To Stations Between	Basis
CHATTANOOGA DIVISION	
Rossville (proper)	Chattanooga rates
Rossville to Rome, not inclusive	Following differentials over Chattanooga rates: 11 10 9 7 6 5 5 5 2 2
Rome and Bremen, not inclusive, and not including Lindale and Silver Creek	Cedartown rates
Bremen and Carrollton, not inclusive	Bremen rates
Carrollton (proper)	Bremen rates, subject to I. C. C. two-line scale for 600 miles as maxima
Carrollton and Newnan, not inclusive	Carrollton rates
Newnan to Senoia, not inclusive	Newnan rates
Senoia to Griffin, not inclusive	Senoia rates
MACON DIVISION	
Atlanta and Macon, not inclusive, and not including East Point or Griffin	Atlanta rates
SAVANNAH DIVISION	
BETWEEN MACON AND SAVANNAH, GA.	
Macon and Millen, not inclusive, and not including Tennille, Wadley, or Midville	Atlanta rates, subject to I. C. C. two-line scale and Savannah combination as maxima, except that Macon rates are to be observed as minima where Savannah combination does not make less

TABLE 4—Continued

To Stations Between	Basis
Millen and Savannah, not inclusive, and not including Rocky Ford and Meldrim	Savannah combination, with Atlant rates or I. C. C. two-line scale a maxima, except that Augusta rate are to be observed as minim where Savannah combination doe not make less
COLUMBUS DIVISION	
BETWEEN BIRMINGHAM, ALA., AND COLUMBUS, GA.	
McCombs (proper)	Birmingham rates
Leeds and Childersburg, not inclusive, and not including Arkwright	Leeds rates
Childersburg and Sylacauga, not inclusive	Childersburg rates
Sylacauga and Opelika, not inclusive	Sylacauga rates
Opelika and Phenix City, not inclusive	Opelika rates
Phenix City (proper), Ala.	Columbus rates
SOUTHWESTERN DIVISION	
BETWEEN FORT VALLEY AND COLUMBUS, GA.	
Columbus and Paschal, not inclusive	Opelika rates, with I. C. C. two-lin scale as maxima and Columbu rates as minima
Paschal and Fort Valley, not inclusive	Paschal rates
COLUMBUS DIVISION	
BETWEEN COLUMBUS AND AMERICUS, GA.	
Columbus and Americus, not inclusive	Following differentials over rates t Americus: 11 10 9 7 6 5 5 5 2 2
SOUTHWESTERN DIVISION	
BETWEEN MONTGOMERY, ALA., AND SMITHVILLE, GA.	
Montgomery and Union Springs, not inclusive	Following differentials over Unio Springs rates: 5 3 3 3 3 2 2 0 0 0
Union Springs and Eufaula, not inclusive	Union Springs rates
Eufaula and Dawson, not inclusive	Cuthbert rates
Dawson and Smithville, not inclusive	Dawson rates

TABLE 4—Concluded

To Stations Between	Basis
COLUMBUS DIVISION	
BETWEEN RAYMOND AND COLUMBUS, GA.	
Raymond and Harris, not inclusive	Chipley, Ga., rates
Harris and Columbus, not inclusive, and not including Durand	Following differentials over Columbus, Ga., rates: 11 10 9 7 6 5 5 5 2 2
BETWEEN COLUMBUS, GA., AND ANDALUSIA, ALA.	
Girard (proper), Ala.	Columbus rates
Girard and Union Springs, not inclusive	Hurtsboro rates
Union Springs and Troy, not inclusive	Troy rates
Troy and Andalusia, not inclusive	Following differentials over Troy rates: 7 6 5 4 4 4 4 4 4 4
SOUTHWESTERN DIVISION	
BETWEEN MACON AND SMITHVILLE, GA.	
Macon and Fort Valley, not inclusive	Fort Valley rates
Fort Valley and Montezuma, not inclusive	Montezuma rates
Montezuma and Americus, not inclusive, and not including Oglethorpe	Americus rates
Americus and Smithville, not including Americus	Dawson rates
SOUTHWESTERN DIVISION	
BETWEEN SMITHVILLE, GA., AND LOCKHART, ALA.	
Smithville and Albany, not inclusive	Albany rates
Albany and Arlington, not inclusive	Arlington rates
Arlington and Columbia, not inclusive	Columbia rates
Columbia and Dothan, not inclusive	Dothan rates
Dothan and Sampson, not inclusive	Following differentials over Dothan rates: 12 11 10 9 8 8 8 8 6 6 subject to Dothan combination as maxima
Sampson and Florala, not inclusive	Florala rates

TABLE 1

[illegible]

[illegible]	[illegible]
[illegible]	
[illegible]	[illegible]
[illegible]	
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

2. Basis Rates from Interior Eastern Points to Southeastern Points

(a) Via All-Rail

The general basis under which rates from Interior Eastern Points to Southeastern points are made is as follows:

If the specifics of the Pennsylvania Railroad, Baltimore & Ohio Railroad, and Philadelphia & Reading Railroad, etc., to Virginia and Maryland gateways, are the same as the specifics from the port, then the all-rail port rates apply from these points. From points from which the specifics to Virginia and Maryland gateways are higher than the specifics from the ports, the through rates are as much higher than the all-rail rates from the ports as the specifics from said points of origin to Virginia and Maryland gateways are higher than the specifics from the ports to said gateways.

Effective January 1, 1916, this general basis was amended so as to provide that rates from certain northern New York points to points on and north of the Memphis division of the Southern Railway, including Chattanooga, Tenn., and Group, shall not exceed combination of all-rail non-differential rates to Ohio River Crossings and Lexington and Winchester, Ky., plus current rates thence.

The new tariffs publish:

(a) Table 1. Specific through rates made on the general basis.

(b) Table 2. Rates from Albany, Syracuse, Rochester, Troy, and Ithaca, N. Y., Scranton and Williamsport, Pa., and related points to Ohio River Crossings, and Lexington and Winchester, Ky.

(c) Table 3. Rates from Ohio River Crossings, etc., to points on and north of the Memphis division of the Southern Railway.

(d) A note authorizing use of through rates made by combining rates in Tables 2 and 3, where same results in a lower charge than by use of the figures in Table 1.

As illustrating the effect of the Lexington, Ky., combination referred to in the foregoing the following example is submitted:

Danville, Ky., is a junction point on the Cincinnati, New Orleans & Texas Pacific Railway and Southern Railway 35 miles south of Lexington, Ky. The published all-rail rates from Albany and Syracuse, N. Y., to Danville, Ky., are as follows, made on the regular basis:

Classes	1	2	3	4	5	6	
Rates	113	98	76½	59	50½	42	(Southern Class.)

The combination of all-rail rates to Danville on Lexington, Ky., is as follows:

From Albany, N. Y.							
To Lexington, Ky.	63	54.6	42	29.4	25.2	21	(Official Class.)
Beyond	32	28	24	21	18	15	(Southern Class.)
Total	95	82.6	66	50.4	43.2	36	
From Syracuse, N. Y.							
To Lexington, Ky.	55.2	47.8	36.8	25.8	22.1	18.4	(Official Class.)
Beyond	32	28	24	21	18	15	(Southern Class.)
Total	87.2	75.8	60.8	46.8	40.1	33.4	

Hence, under the present tariff rules, the combination on Lexington, Ky., fixes the total charge from Albany and Syracuse, N. Y., to Danville, Ky.

(b) Via Rail, Water, and Rail

Rates via rail, water, and rail from Interior Eastern Points are, as a rule, made the following differentials less than all-rail rates:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	4	3	2	2	1	1	1	1	1	1

Exception.—To territory adjacent to South Atlantic Ports, where the rates from Eastern Port Cities via water and rail through South Atlantic Ports are lower than water-and-rail rates via Norfolk, and consequently where all-rail rates are not in all cases made established differentials over water-and-rail rates via the South Atlantic Ports, the rates from the Interior East via rail, water, and rail through South Atlantic Ports are constructed with the same relation to the water-and-rail rates from the (Eastern) Ports as fixed under the basis applicable at Atlanta, Ga.; that is, where the specifics from Interior Eastern points to Virginia and Maryland gateways are the same as the specifics from the Eastern Port Cities, the rail-water-and-rail rates are made the following differentials over the water-and-rail rates from Eastern Port Cities, viz:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	8	7	7	6	5	4	4	4	4	4

From Interior Eastern points from which the specifics to Virginia and Maryland gateways are higher than the specifics from the Eastern Port Cities, the differentials over the water-and-rail rates from the Eastern Port Cities are increased to the extent that the specifics to the Virginia and Maryland gateways are higher than the specifics from the Eastern Port Cities to said gateways.

To Southeastern points west of the Chattanooga-Birmingham-Montgomery-Selma line the same rates are applicable as via all rail.

3. Class Rates from Washington, D. C., Alexandria, Va., Hagerstown, Md., and Shenandoah and Shenandoah Junction, W. Va.

The basis of constructing all-rail rates from Washington, D. C., Alexandria, Va., Hagerstown, Md., and Shenandoah and Shenandoah Junction, W. Va., and points grouped therewith, to points in Southeastern Territory has not been changed.

Carriers continue to publish rates therefrom which are made the same as the water-and-rail rates in effect from Baltimore, Md.

Hence, to the extent that the rates from Baltimore, Md., were revised, effective January 1, 1926, the rates from Washington, D. C., Alexandria, Va., etc., were automatically revised.

4. Class Rates from Virginia Cities to Points in Southeastern Territory

While the rates from Virginia Cities to Southeastern points are influenced by the water-and-rail rates from Baltimore, Md., there is no scale of differentials (Virginia Cities under Baltimore) which applies uniformly to all points in Southeastern Territory.

For example, the rates from Virginia Cities are the same as from Baltimore, Md., water and rail, to a large number of common and local points contiguous to South Atlantic Ports.

To the several rate groups immediately west of this

Seaboard Zone the rates from Virginia Cities are made varying differentials under the water-and-rail rates from Baltimore, Md.

The following is a summary of the present adjustment to Southeastern common and basing points.

Baltimore water-and-rail rates, subject to lowest combination as maxima, are applied from Virginia Cities to the following points:

Claxton, Ga.
Collins, Ga.
Cuyler, Ga.
Hagan, Ga.
Hortense, Ga.
Jesup, Ga.
Grovania, Ga.
Register, Ga.
Thalmann, Ga.
Vidalia, Ga.
Warsaw, Ga.
Waycross, Ga.
Ways, Ga.
Willacoochee, Ga.
Worth, Ga.

Baltimore water-and-rail rates, subject to South Atlantic Ports combination as maxima, are applied to the following points:

Burroughs, Ga.
Everett (Glynn County), Ga.
Rocky Ford, Ga.
Statesboro, Ga.

Baltimore water-and-rail rates are applied to the following points:

Albany, Ga.
Boston, Ga.
Cordele, Ga.
Culloden, Ga.
Cuthbert, Ga.
Dawson, Ga.
Dothan, Ala.
Douglas, Ga.
Dublin, Ga.
Eastman, Ga.
Empire, Ga.
Fitzgerald, Ga.
Florala, Ala.
Fort Davis, Ala.
Fort Valley, Ga.
Hawkinsville, Ga.
Hazlehurst, Ga.
Helena, Ga.
Hurtsboro, Ala.
LaGrange, Ga.
Lockhart, Ala.
McRae, Ga.
Millen, Ga.
Montezuma, Ga.
Moultrie, Ga.
Oglethorpe, Ga.

Osierfield, Ga.
Paxton, Fla.
Pelham, Ga.
Pitts, Ga.
Quitman, Ga.
Richland, Ga.
River Junction, Fla.
Roanoke, Ala.
Rochelle, Ga.
Sampson, Ga.
Sandersville, Ga.
Senoia, Ga.
Sofkee, Ga.
Stillmore, Ga.
Sylacauga, Ala.
Sylvester, Ga.
Talbotton, Ga.
Tennille, Ga.
Thomaston, Ga.
Thomasville, Ga.
Tifton, Ga.
Troy, Ala.
Union Springs, Ala.
Valdosta, Ga.
Vienna, Ga.
Wadley, Ga.
Wesley, Ga.
Yatesville, Ga.

To Augusta, Ga.: The rates are lower than the r
from Baltimore, Md., water and rail:

Classes	1	2	3	4	5	6	A	B	C	D
Rates	10	10	9	4	4	4	5	7	3	

and are made with relation to the rates from Baltim
to Augusta, also with relation to the rates from
ginia Cities to Atlanta, observing the rates from
ginia Cities to Columbia, S. C., as maxima.

To Atlanta, Ga.: The rates are lower than the r
from Baltimore, Md., water and rail:

Classes	1	2	3	4	5	6	A	B	C	D
Rates	7	6	5	4	4	3	4	4	5	

Class 1 is arbitrarily fixed. Classes 2, 3, 4, 5, a
bear the same relation to Class 1 as prevails in r
from Baltimore, Md., and Cincinnati, Ohio, to Atla
Ga. Other classes are aligned with the rates to
mingham, Ala.

The rates to the following points are the same as
rates to Atlanta, Ga.:

Athens, Ga.
Chattanooga, Tenn.
Covington, Ga.
Dalton, Ga.
Rome, Ga.

To Columbus, Ga.: The rates are made the following differentials under the rates from Baltimore, water and rail:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	5	4	4	3	3	2	3	3	3	3

The rates to the following points are now the same as to Columbus, Ga.:

Griffin, Ga.
Warm Springs (Bullochville), Ga.
Woodbury, Ga.

To Birmingham, Blocton, Decatur, Florence, Huntsville, and Sheffield, Ala.: The rates are made the following differentials under Baltimore, Md., water and rail:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	5	4	4	4	3	3	3	4	3	3

This is in order to bring about a more consistent relation with rates to Atlanta, Ga.

The rates to the following points are the same as to Birmingham, Ala.:

Alabama City, Ala.
Anniston, Ala.
Attalla, Ala.
Bremen, Ga.
Gadsden, Ala.
Jacksonville, Ala.
Leeds, Ala.
Montgomery, Ala.
Pell City, Ala.
Piedmont, Ala.
Round Mountain, Ala.
Selma, Ala.
Talladega, Ala.

To Akron, Holt, Tuscaloosa, and York, Ala.: The rates are made following differentials higher than rates to Selma, Ala.:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	20	18	15	13	11	10	10	10	9	9

5. Class Rates from South Atlantic Ports to Points in Southeastern Territory

Little can be said at this time in regard to the proposed realignment of rates from South Atlantic Ports.

The carriers have reviewed their rates and have reached a definite conclusion as to what revision is necessary in the rates to each point of destination in the Southeast, but the matter is in abeyance at this time pending reply from the Railroad Commission of Georgia to an appeal made by the carriers for certain changes in rates and classification between points within the state of Georgia.

6. Commodity Rates from the East

As rates on only about fifty commodities were revised effective January 1, 1916, and as the rates on the remaining commodities are now in process of revision, it is not practicable at this time to explain the details of the commodity adjustment which has been and will be observed.

For purposes of illustration the revised rates on bagging, canned goods, soap, soap powders, and washing compounds are here shown to widely scattered important points in Southeastern Territory, viz.:

Group A. Bagging, new or old, rated Class "A" in Southern Classification, C. L., minimum weight 30,000 pounds.

Group B. Canned goods, viz: Fruits, canned or preserved (in juice or syrup, or in liquid other than brine or alcoholic liquor); Fruit Butter; Fruit Jam or Fruit Jelly; Crushed Fruit or Fruit Pulp; Jam, Jellies, or Preserves (other than Fruit), edible Fish, canned including Shell Fish, canned; Vegetables, canned or Preserves (other than Fruit), edible; Fish, canned including Canned Corn, Canned Hominy, or Canned

Pork and Beans; Soups (including Broths and Chowders); Milk or Cream, condensed or evaporated, liquid; Meats, canned (except as specifically published in individual items in rate tables); Meats, combined with Vegetables, canned; Mince Meat; Macaroni, Spaghetti, or Vermicelli, prepared, with or without cheese, meat, or vegetables; Tomato Pulp; in packages as provided for straight carload shipments in Southern Classification, straight or mixed carloads, minimum weight 36,000 pounds.

Same, L. C. L. in packages as provided for less-than-carload shipments in Southern Classification.

Group C. Canned Goods, viz: Pickles; Vinegar; Sauerkraut; Mustard (prepared); Table Sauces; Horse Radish (prepared); Olives; in packages as provided for straight carload shipments in Southern Classification, straight or mixed carloads, minimum weight 36,000 pounds.

Group D. Soap, Soap Powders, Washing Powders, or Scouring Compounds, when actual value does not exceed 12 cents per pound, this actual maximum value to be stated by shipper in writing in shipping order; in bulk in barrels or boxes, or in inner containers other than glass or earthenware, or in wrappers in barrels or boxes, less carload.

Same, in straight or mixed carload, minimum weight 30,000 pounds.

Rates on the above commodities are published to practically all common and local points in Southern Territory from the East (Table 6). Commodities other than those named are published to the more important points in Southeastern Territory and, as showing the measure of the rates under the readjustment, Atlanta, Ga., is selected as a representative point and the rates thereto, effective January 1, 1916, are shown from Baltimore, Md. (water-and-rail), on a few important commodities (page 50).

TABLE 6

SELECTED COMMODITY RATES FROM BALTIMORE, MD., TO SOUTHEASTERN COMMON POINTS

From Baltimore, Md., (water and rail) To	[1] In Cents per 100 Pounds						
	Commodity Groups						
	A	B		C		D	
	C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.
Albany, Ga.	34	43	62	43	..	29	38
Americus, Ga.	34	43	62	43	..	29	38
Anniston, Ala.	36	47	68	47	..	34	45
Atlanta, Ga.	34	43	62	43	..	29	38
Augusta, Ga.	23	35	51	35	..	27	32
Birmingham, Ala.	36	47	68	47	..	34	45
Chattanooga, Tenn.	34	43	62	43	..	29	38
Columbus, Ga.	34	43	62	43	..	29	38
Macon, Ga.	33	42	61	42	..	28	37
Montgomery, Ala.	36	47	68	47	..	34	45
Opelika, Ala.	36	47	68	47	..	34	45
Rome, Ga.	34	43	62	43	..	29	38
Selma, Ala.	36	47	68	47	..	34	45
Tuscaloosa, Ala.[1]	..	54	..	54	..	47	..

[1] Rates also apply all rail.

From Baltimore, Md. (water-and-rail), to Atlanta, Ga.:

	[1] Rates in Cents per 100 Pounds
Agricultural Cultivating Implements	C. L. 40
Asphalt	C. L. 24
Food Preparations, cereal	C. L. 32
Fruits and Vegetables	C. L. 38
Glass Bottles and Fruit Jars	C. L. 50
Iron, special	C. L. 34
Molasses	C. L. 32
	L. C. L. 44
Salt	C. L. 23
Starch	C. L. 33

7. COMMODITY BASIS FROM OTHER POINTS

Rates from New York, N. Y., and Philadelphia, Pa., are made the following class differentials over the rates

[1] Governed by the Southern Classification.

from Baltimore, Md., according to the class to which the commodity belongs:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	7	6	5	5	4	3	2	3	3	3

Rates from Boston, Mass., Providence, R. I., etc., are made the following class differentials over the rates from New York, N. Y.:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	5	4	4	3	3	2	2	2	2	2

CHAPTER III

RATES FROM THE WEST TO SOUTHEASTERN TERRITORY

1. Class Rates

In describing the adjustment of rates from the West to the Southeast, consideration will be given primarily to the adjustments from the Ohio and Mississippi river crossings, the rates from points north and west thereof being predicated on these gateways.

(a) Class Rates from Ohio River Crossings

Under the adjustment that has prevailed for many years class rates have been made respectively the same from all Ohio River Crossings to Southeastern Territory, except that from Cincinnati to Montgomery subterritory (see Map 15, *Atlas of Traffic Maps*), the following differentials over the rates from Louisville, Ky., apply:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	10	10	10	8	7	6	4	2	2	2

subject to mileage of Louisville rates as maxima.

No change has been made in this adjustment as a result of the revision of rates effective January 1, 1916, except that from Cincinnati, Ohio, to Huntsville, Ala., and to certain points associated with Huntsville that were formerly made the same as from Louisville, Ky.,

rates are now published Montgomery sub-territory differentials higher than from Louisville, Ky.

(b) Class Rates from St. Louis, Mo., and Group

No change has been made in the adjustment of class rates from St. Louis, Mo., and Group as compared with the rates from Ohio River Crossings, viz, the following differentials over the Ohio River Crossings:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	23	19	17	12	10	8	7	8	7	5

(c) Class Rates from Memphis, Tenn.

No change has been made in the differential basis, Memphis under Louisville (hitherto 4 cents per 100 pounds on all classes), except as follows:

1. To Birmingham, Ala., and Group, rates on the numbered classes were made the following differentials under the rates from Louisville, Ky., viz:

Classes	1	2	3	4	5	6
Differentials	10	10	10	8	7	6

or the same as the differentials, Cincinnati over Louisville to Birmingham. The differential of 4 cents under Louisville on Classes A, B, C, and D was continued.

2. To Chattanooga, Tenn., and Group, the differentials on Classes 1, 2, 3, 4, 5, 6, and A were cancelled, and rates were published the same as from Louisville. The differential of 4 cents under Louisville was continued on Classes B, C, and D.

3. To Decatur, New Decatur, Florence, Huntsville, Sheffield, Tuscumbia, and points taking the same rates, revised rates were published, effective January 1, 1916, in advance of changes in the rates from Ohio River

Crossings and St. Louis. Rates from the latter points will probably not be disposed of until the Interstate Commerce Commission shall have passed upon the carriers' Fourth Section applications covering the Kentucky-Tennessee Territory north of the Tennessee River.

(d) Class Rates from Nashville, Tenn.

Effective January 1, 1916, the differential adjustment from Nashville, Tenn., under Louisville, Ky., to Southeastern points was almost wholly changed. It is not practicable to define in detail the varying differential bases employed to interior common and local points in the Southeast. In the main, the rates have been made the following differentials less than the rates from Louisville, Ky.:

1. To Atlanta, Ga., and to points in Southeastern Territory north of the main line of the Central of Georgia Railway, Birmingham, Ala., to Columbus, Ga. (including Columbus), and east of the east bank of the Chattahoochee and Apalachicola rivers from Columbus, Ga., to the Gulf of Mexico, not including Fort Gaines, Ga., South Atlantic Ports, or points based on said ports:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	27	23	20	17	14	11	5	5	7	7

2. To Birmingham and Montgomery, Ala., and points in Southeastern Territory, on, south, and west of the main line of the Central of Georgia Railway, Birmingham, Ala., to Columbus, Ga. (not including Columbus), and on and west of the east bank of the Chattahoochee and Apalachicola rivers, from Columbus, Ga., to the Gulf of Mexico, including Fort Gaines, Ga., and River Junction, Fla.:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	22	21	19	15	13	10	8	8	7	7

3. To South Atlantic Ports, viz.: Beaufort, Port Royal, and Charleston, S. C., Savannah and Brunswick, Ga., and Jacksonville, Fla., and Group:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	15	13	11	10	8	6	5	5	6	6

4. To points contiguous to South Atlantic Ports to which rates on one or more classes from Louisville, Ky., are made on lowest combination and lower than "maximum rates," the rates from Nashville to the same points are made on lowest combination, but not higher than the rates to the Nashville maximum rate point, i. e., Atlanta differentials (27-cent scale) under Louisville rates to the maximum rate point.

5. To Decatur, New Decatur, Florence, Huntsville, Sheffield, and Tuscumbia, Ala., specific rates were published effective January 1, 1916, in advance of corresponding changes from the Ohio River and St. Louis. These rates were not made on differentials under the rates from Ohio River Crossings as in the case of rates from Nashville to Birmingham, Atlanta, or other points named above.

(e) Class Rates from Helena, Ark.

No change has been made in the adjustment from Helena, Ark., which is continued on the basis of one cent (1) per 100 pounds higher than rates from Greenville, Miss.

(f) Class Rates from Greenville, Miss.

The differential adjustment from Greenville, Miss., to Southeastern points has been revised to be as follows:

To stations on, south, and east of the Southern Railway from Holcomb, Ala., first station in Alabama on Birmingham-Columbus Line, through Birmingham, Anniston, Atlanta, and Gainesville to the Georgia-South Carolina Line.	Same as from Memphis, Tenn.

To all points north of the above described line on and east of the Northern Alabama Railway from Jasper to Sheffield, Ala., both inclusive.	Same as from New Orleans, La.
To all local stations on the Louisville & Nashville Railroad.	Lowest combination
To all junction points on the Louisville & Nashville Railroad where relief is not granted.	Lowest combination will apply in connection with L. & N. R. R.

(g) Class Rates from Vicksburg and Natchez, Miss., and Baton Rouge, La.

The adjustment from Vicksburg and Natchez, Miss., to Southeastern points, as stated in the treatise, remains unchanged except as follows:

To Southern Railway stations between Marion Junction and Mobile:
Lowest combination.

To Louisville & Nashville Railroad stations between Montgomery and Mobile, between Georgiana and Graceville, and between Flomaton and Selma:
Lowest combination.

To all local points on the Louisville & Nashville Railroad:
Lowest combination.

To all Southeastern junction points on the Louisville & Nashville Railroad where relief is not granted:
Lowest combination will apply in connection with the Louisville & Nashville Railroad.

To all points in Florida east of River Junction, except Jacksonville, Fla., Group:
Same as from Memphis, Tenn., subject to lowest combination as maxima.

To Jacksonville, Fla., and Group:
Same as from Memphis.

Rates from Baton Rouge were made the same as the rates from Vicksburg and Natchez, Miss.

(h) Class Rates from New Orleans, La.

Partly in the light of the Commission's decisions in the Chattanooga Case, 18 I. C. C. 440 and in the Atlanta Case, 29 I. C. C. 476, and partly in view of the maximum mileage scale fixed by the Commission and for other reasons it has been found necessary to revise entirely the adjustment of rates from New Orleans, La. Hitherto the rates from New Orleans, La., were, generally speaking, made the same as from Memphis, Tenn., except that the rates to Anniston Group, Attalla Group, Rome Group, and Chattanooga, Tenn., were made the same as from Memphis, Tenn., to Atlanta, Ga., and the rates on numbered classes to Birmingham, Ala., and Group, and Montgomery and Selma, Ala., were made the same as from Cincinnati, Ohio, to Birmingham, Ala.

This adjustment was changed, effective January 1, 1916, to such an extent that it is not practicable to define the basis from New Orleans in general terms. Specific rates and rate bases from New Orleans have been included in the tables following.

(i) Class Rates from Gulfport, Miss.

Rates from Gulfport, Miss., were revised on the basis previously in effect, i. e., same rates as from New Orleans, La., except that to Andalusia, Ala., Chipley and Cottondale, Fla., Florala, Ala., Lakewood, Fla., Lockhart, Ala., Marianna, River Junction, and Paxton, Fla., Sampson, Ala., and local stations on the Louisville & Nashville Railroad contiguous to these points rates

were published not higher than rates provided in the Louisville & Nashville Railroad's local basis.

(j) Class Rates from Mobile, Ala.

No change has been made in the differential adjustments under the rates from New Orleans, La., viz:

Classes	1	2	3	4	5	6	A	B	C	D
Differentials	10	10	10	10	5	5	4	4	4	4

However, the rates from Mobile have not yet been revised to *points in Alabama* via the intrastate routes, pending adjudication by the Alabama Railroad Commission.

(k) Class Rates from Jackson, Ellisville, Hattiesburg, Laurel, and Newton, Miss., to Southeastern Points

Under the revision of rates effective January 1, 1916, rates were published from Jackson, Miss., to Southeastern points, the same as rates from Vicksburg, Miss.

Vicksburg rates were also published from Ellisville, Hattiesburg, Laurel, and Newton, except to Decatur, Florence, Huntsville Group, Cordova, Holt, Jasper, Tuscaloosa, Akron, York, Maplesville, and contiguous points.

In following the plan used in Chapter II in portraying the rates applicable to the southeast from eastern points, it will be noted, in the tables which follow, that the same kind of information has been shown relative to rates and bases for rates applicable from the west to points in the southeast.

It is desirable at this point to again emphasize the fact that information that is given in this supplement was correct at the time that the supplement was prepared, but from the conditions surrounding this important readjustment of rates it is to be expected that a number of changes of varying importance will be found necessary from time to time.

TABLE 7

ALL-RAIL RATES FROM LOUISVILLE, KY., AND NEW ORLEANS, L
TO SOUTHEASTERN COMMON POINTS, AND THE BASIS
UNDER WHICH RATES WERE CONSTRUCTED

FROM (a) LOUISVILLE, KY. (b) NEW ORLEANS, LA. TO		RATES[1] IN CENTS PER 100 POUNDS									
		Classes									
		1	2	3	4	5	6	A	B	C	D
Akron, Ala.[2]	(a)	113	96	80	68	55	46	39	47	37	3
	(b)	97	82	71	60	49	40	28	36	27	2
Albany, Ga.	(a)	131	114	101	85	70	58	44	46	35	3
	(b)	120	104	92	76	64	52	40	42	31	2
Andalusia, Ala.[2]	(a)	113	92	78	66	62	55	42	45	34	2
	(b)	90	77	62	57	52	48	41	47	28	2
Anniston, Ala.	(a)	107	92	81	68	56	46	32	38	29	2
	(b)	107	92	81	68	56	46	32	38	29	2
Athens, Ga.	(a)	112	95	84	70	58	48	34	40	31	2
	(b)	112	95	84	70	58	48	34	40	31	2
Atlanta, Ga.	(a)	107	92	81	68	56	46	32	38	29	2
	(b)	107	92	81	68	56	46	32	38	29	2

[1] Governed by Southern Classification.
[2] Rates from Cincinnati, Ohio, and Group are made the following diff
entials over the rates from Louisville, Ky., viz:
10 10 10 8 7 6 4 2 2 2
Rates from other Ohio River Crossings, same as from Louisville.

TABLE 7

ALL-RAIL RATES FROM LOUISVILLE, KY., AND NEW ORLEANS, LA., TO SOUTHEASTERN COMMON POINTS, AND THE BASIS UNDER WHICH RATES WERE CONSTRUCTED

FROM (a) LOUISVILLE, KY. (b) NEW ORLEANS, LA. TO	BASIS
Akron, Ala.	(a) Montgomery, Ala., differentials under rates from Cincinnati, Ohio, to Meridian, Miss., subject to Louisville to Meridian, Miss., rates as maxima. Cincinnati, Ohio, rates made same as from Cincinnati, Ohio, to Meridian, Miss.
	(b) Tuscaloosa, Ala., rates subject to lowest combination as maxima
Albany, Ga.	(a) Classes 1, 2, 3, 4, 5, 6, and A, I. C. C. two-line scale for 600 miles; other classes fixed figures
	(b) I. C. C. two-line scale for 500 miles, subject to Memphis rates as maxima
Andalusia, Ala.	(a) Classes 1, 2, 5, and D, L. & N. local basis; Class 3 not less than to Montgomery, Ala.; Class 4 not higher than to Florala, Ala.; Classes 6, A, B, and C, same as to Troy, Ala.
	(b) L. & N. R. R. local basis, subject to Georgiana, Ala., combination as maxima, which combination affects Classes A and B
Anniston, Ala.	(a) Atlanta, Ga., rates
	(b) Atlanta, Ga., rates subject to Mobile, Ala., combination as maxima
Athens, Ga.	(a) Following differentials over Atlanta, Ga., rates: 5 3 3 2 2 2 0 2 2 2 subject to Macon, Ga., rates as minima
	(b) Same as rates from Cincinnati, Ohio
Atlanta, Ga.	(a) Classes 1, 2, 3, 4, 5, and 6, same as from Baltimore, Md., via water and rail; A, same as from Cincinnati, Ohio, to Birmingham, Ala.; Classes B, C, and D, fixed figures
	(b) Same as rates from Cincinnati, Ohio

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To		Rates[1] in Cents per 100 Pound								
		Classes								
		1	2	3	4	5	6	A	B	C
Augusta, Ga.	(a)	107	92	81	68	56	46	34	40	31
	(b)	107	92	81	68	56	46	34	40	31
Bainbridge, Ga.	(a)	131	114	101	85	70	58	44	46	34
	(b)	120	104	92	76	64	52	40	42	30
Barnesville, Ga.	(a)	128	112	99	83	69	56	43	46	35
	(b)	128	112	99	83	69	56	43	46	35
Birmingham, Ala.[2]	(a)	97	82	71	60	49	40	28	36	27
	(b)	97	82	71	60	49	40	28	36	27
Blocton, Ala.[2]	(a)	108	94	79	64	55	42	33	42	32
	(b)	104	86	71	62	56	46	34	42	32
Blocton Junction, Ala.[2]	(a)	108	94	79	64	55	42	33	42	32
	(b)	97	82	71	60	49	40	28	36	27
Brunswick, Ga.	(a)	95	80	75	70	58	46	35	38	29
	(b)	91	76	71	66	54	42	31	34	25

[1] Governed by Southern Classification.

[2] Rates from Cincinnati, Ohio, and Group are made the following d
entials over the rates from Louisville, Ky., viz:

10	10	10	8	7	6	4	2	2	2

Rates from other Ohio River Crossings, same as from Louisville.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To		Basis
Augusta, Ga.	(a)	Macon, Ga., rates
	(b)	Same as rates from Cincinnati, Ohio
Bainbridge, Ga.	(a)	Albany, Ga., rates on all classes, except Classes C and D, which are fixed figures
	(b)	I. C. C. two-line scale for 500 miles, subject to Memphis, Tenn., rates as maxima
Barnesville, Ga.	(a)	I. C. C. two-line scale for 550 miles, subject to Fort Valley, Ga., rates and Macon, Ga., combination as maxima
	(b)	Same as rates from Cincinnati, Ohio, subject to Macon, Ga., combination as maxima
Birmingham, Ala.	(a)	Montgomery differentials under rates from Cincinnati, Ohio; rates from Cincinnati, Ohio, to Birmingham, Ala., made same as from Cincinnati, Ohio, to Atlanta, Ga.
	(b)	Same as rates from Louisville, Ky.
Blocton, Ala.	(a)	Montgomery differentials under rates from Cincinnati, Ohio; Cincinnati rates made on lowest combination, subject to Tuscaloosa, Ala., rates as maxima
	(b)	Lowest combination subject to L. & N. local basis as maxima and Birmingham, Ala., rates as minima
Blocton Jct., Ala.	(a)	Montgomery differentials under rates from Cincinnati, Ohio; Cincinnati rates made on lowest combination, subject to Tuscaloosa, Ala., rates as maxima
	(b)	Birmingham, Ala., rates
Brunswick, Ga.	(a)	See Charleston, S. C.
	(b)	Rates on all classes continued, said rates having been made the same as the rates from Memphis, Tenn.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To		Rates[1] in Cents per 100 Pounds								
		Classes								
		1	2	3	4	5	6	A	B	C
Calera, Ala.[2]	(a)	98	82	71	60	52	46	32	38	29
	(b)	97	82	71	60	49	40	28	36	27
Callahan, Fla.	(a)	123	106	99	89	75	61	47	49	38
	(b)	119	102	95	85	71	57	42	43	34
Carrollton, Ga.	(a)	112	96	84	70	58	48	34	40	31
	(b)	112	96	84	70	58	48	34	40	31
Cedartown, Ga.	(a)	107	92	81	68	56	46	32	38	29
	(b)	107	92	81	68	56	46	32	38	29
Charleston, S. C.	(a)	95	80	75	70	58	46	35	38	29
	(b)	91	76	71	66	54	42	31	34	25
Chattanooga, Tenn.	(a)	76	65	57	47	40	33	23	31	25
	(b)	107	92	81	68	56	46	32	38	29
Columbia, Ala.	(a)	131	114	101	85	70	58	44	46	34
	(b)	128	112	99	83	69	56	42	46	32
Columbus, Ga.[2]	(a)	107	92	81	68	56	46	34	40	31
	(b)	107	92	81	68	56	46	32	38	29

[1] Governed by Southern Classification.

[2] Rates from Cincinnati, Ohio, and Group are made the following differentials over the rates from Louisville, Ky., viz:

10	10	10	8	7	6	4	2	2	2

Rates from other Ohio River Crossings, same as from Louisville.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To	Basis
Calera, Ala.	(a) Southeastern differentials under rates from St. Louis, Mo.; rates from St. Louis made not higher than to local stations on L. & N. R. R. between Calera and Montgomery, Ala., not higher than to Anniston, Ala., and not less than to Birmingham, Ala.
	(b) Birmingham, Ala., rates
Callahan, Fla.	(a) Combination on Jacksonville, Fla., subject to Tifton, Ga., rates plus 5%, as maxima
	(b) I. C. C. two-line scale for 650 miles, subject to Jacksonville, Fla., combination, also rates from Memphis, Tenn., as maxima. Classes A and B not higher than to Everett, Ga.
Carrollton, Ga.	(a) Following differentials over rates to Cedartown, Ga.: 5 4 3 2 2 2 2 2 2 2
	(b) Same as rates from Cincinnati, Ohio
Cedartown, Ga.	(a) Atlanta, Ga., rates
	(b) Same as rates from Cincinnati, Ohio
Charleston, S. C.	(a) Rates on all classes continued
	(b) Rates on all classes continued, said rates having been made same as rates from Memphis, Tenn.
Chattanooga, Tenn.	(a) Classes 1, 2, 3, 5, 6, and A made mileage of rates to Atlanta, Ga., i. e., 70.9%. Class 4 was made same as rates in effect prior to January 15, 1910. Class B advanced the same extent as rate to Atlanta, Ga., was advanced. Classes C and D continued
	(b) Atlanta, Ga., rates
Columbia, Ala.	(a) Bainbridge, Ga., rates
	(b) Arlington, Ga., rates
Columbus, Ga.	(a) Macon, Ga., rates
	(b) Atlanta, Ga., rates

TABLE 7—Continued

Place		Number of Claims [illegible]							
(a) Centerville, Ill. (b) New Baltimore, Ill. City		Claims							
		1	2	3	4	5	6	7	8
[illegible]	(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(b)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(b)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(b)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Douglas, Ill.	(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(b)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dundee, Ill.	(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(b)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dupage, Ill.	(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(b)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dwight (Ogden Township), Ill.	(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(b)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fitzgerald, Ill.	(a)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	(b)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]
[illegible]
[illegible]

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To	Basis
Dawson, Ga.	(a) Classes 1, 2, 3, 4, 5, 6, and A, I. C. C. two-line scale for 600 miles; Classes B, C, and D, fixed figures
	(b) I. C. C. two-line scale for 500 miles, subject to rates from Memphis, Tenn., as maxima
Decatur, Ala.	(a) Rates on all classes from Ohio River Crossings continued
	(b) Chattanooga, Tenn., rates
Dothan, Ala.	(a) Classes 1, 2, and 3, same as to Albany, Ga. Other classes Montgomery, Ala., differentials under rates from Cincinnati, Ohio; Cincinnati rates made same as from Cincinnati to Thomasville, Ga.
	(b) I. C. C. scale for 450 miles, subject to Memphis, Tenn., rates as maxima
Douglas, Ga.	(a) Same as Fitzgerald, Ga., in accordance with I. C. C. Docket 5487
	(b) Fitzgerald, Ga., rates
Dublin, Ga.	(a) Classes 1, 2, 3, 4, 5, 6, and A, I. C. C. scale for 600 miles; Classes B, C, and D, fixed figures
	(b) Same as rates from Memphis, Tenn., except Classes C and D, same as to Milledgeville, Ga.
Dupont, Ga.	(a) Valdosta, Ga., rates subject to Brunswick combination as maxima
	(b) I. C. C. two-line scale for 550 miles, subject to Memphis, Tenn., rates as maxima
Everett (Glynn Co.), Ga.	(a) Helena, Ga., rates subject to Brunswick, Ga., combination as maxima
	(b) Same as rates from Memphis, Tenn., subject to Brunswick combination as maxima
Fitzgerald, Ga.	(a) Following differentials over Albany, Ga.: 14 12 11 7 6 3 2 1 1 1
	(b) I. C. C. two-line scale for 550 miles, subject to rates from Memphis, Tenn., as maxima

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To		Rates[1] in Cents per 100 Pounds									
		Classes									
		1	2	3	4	5	6	A	B	C	D
Florence, Ala.[2]	(a)	115	92	79	68	62	55	42	45	34	29
	(b)	98	91	64	59	54	50	33	30	29	25
Florence, Ala.[2]	(a)	79	69	59	47	40	30	23	29	25	21
	(b)	107	92	81	69	58	48	32	28	29	25
Fort Gaines, Ga.[2]	(a)	121	114	101	85	79	58	44	48	34	29
	(b)	129	104	93	79	68	54	42	46	32	28
Fort Valley, Ga.	(a)	121	114	101	85	79	58	44	48	35	31
	(b)	107	92	81	69	58	48	32	28	29	25
Gadsden, Ala.	(a)	107	92	81	69	58	48	32	28	29	25
	(b)	107	92	81	69	58	48	32	28	29	25
Griffin, Ga.	(a)	119	102	90	75	62	51	37	44	33	29
	(b)	119	102	90	75	62	51	37	44	33	29
Hazlehurst, Ga.	(a)	145	125	112	92	76	62	48	47	38	32
	(b)	142	122	109	89	72	57	42	43	32	28
Huntsville, Ala.[2]	(a)	79	69	59	47	40	30	23	29	25	21
	(b)	107	92	81	69	58	48	32	28	29	25
Jacksonville, Fla.	(a)	95	80	75	70	58	48	35	28	29	25
(Proper)	(b)	91	78	71	66	54	42	31	24	25	21

[1] Governed by Southern Classification.

[2] Rates from Cincinnati, Ohio, and Group are made the following differentials over the rates from Louisville, Ky., viz:

10 10 10 8 7 6 4 2 2 2

Rates from other Ohio River Crossings, same as from Louisville.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To	Basis
Florala, Ala.	(a) L. & N. R. R. local basis, subject to Dothan, Ala., rates as maxima and Montgomery, Ala., rates as minima
	(b) L. & N. R. R. local basis for actual distance
Florence, Ala.	(a) Rates on all classes from Ohio River Crossings continued
	(b) Chattanooga, Tenn., rates
Fort Gaines, Ga.	(a) Columbia, Ala., rates
	(b) Same as to C. of Ga. Ry. stations between Cuthbert and Fort Gaines, Ga., i. e., following differentials over rates to Cuthbert, Ga.: 4 4 4 4 4 3 2 4 1 1
Fort Valley, Ga.	(a) Americus-Montezuma rates, which are same as to Albany, Ga.
	(b) Macon, Ga., rates
Gadsden, Ala.	(a) Birmingham, Ala., rates
	(b) Chattanooga, Tenn., rates subject to Mobile combination as maxima
Griffin, Ga.	(a) Following differentials over rates to Atlanta, Ga.: 11 10 9 7 6 5 5 6 4 4
	(b) Same as rates from Cincinnati, Ohio
Hazlehurst, Ga.	(a) Lowest combination, subject to Helena, Ga., rates as maxima
	(b) Lowest combination, subject to rates from Memphis, Tenn., as maxima
Huntsville, Ala.	(a) Rates on all classes from Ohio River Crossings, Louisville, Ky., and west continued. Rates from Cincinnati, Ohio, and group were made Montgomery, Ala., differentials higher than the rates from Louisville, Ky.
	(b) Chattanooga, Tenn., rates
Jacksonville, Fla. (Proper)	(a) Rates on all classes continued
	(b) Same as to upper South Atlantic Ports, i. e., Brunswick, Charleston, Savannah, etc.

TABLE 7—Continued

From (a) Cincinnati, Ohio. (b) New Albany, Ind. To		Rates[1] for Cities not 100 Miles										
		Classes										
		1	2	3	4	5	6	A	B	C	D	
Jacksonville, Fla.												
(Rates for stations south thereof)	(b)	72	60	57	52	44	38	27	24	21	9	
LaGrange, Ga.	(a)	119	102	95	78	65	52	39	44	33	29	
	(b)	107	92	85	68	58	46	32	39	29	25	
Lee, Fla.	(a)	147	127	113	93	79	64	49	52	42	35	
	(b)	129	112	99	82	69	58	42	45	34	30	
Lee-Dale, Fla.	(a)	147	127	113	93	79	64	49	52	42	35	
	(b)	129	112	99	82	69	58	42	45	34	30	
Macon, Ga.	(a)	107	92	85	68	58	46	34	40	31	27	
	(b)	107	92	85	68	58	46	32	39	29	25	
Malone, Fla.	(a)	147	127	113	93	79	64	49	52	42	35	
	(b)	129	112	99	82	69	58	42	45	34	30	
Mallory, Ga.	(a)	119	102	94	75	62	51	37	44	33	29	
	(b)	119	102	94	75	62	51	37	44	33	29	
Mapleville, Ala.[2]	(a)	111	95	88	70	57	47	38	42	32	29	
	(b)	97	82	77	60	48	40	28	38	27	23	

[1] Governed by Southern Classification.

[2] Rates from Cincinnati, Ohio, and Group are made the following differentials over the rates from Louisville, Ky., viz:

10 10 10 8 7 6 4 2 2 2

Rates from other Ohio River Crossings, same as from Louisville.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To		Basis
Jacksonville, Fla. (When for stations south thereof)	(b)	Rates on all classes continued
LaGrange, Ga.	(a)	Newnan, Ga., rates subject to Cincinnati, Ohio, to Columbus, Ga., rates as minima with I. C. C. mileage scale as maxima
	(b)	Atlanta, Ga., rates
Lee, Fla.	(a)	Live Oak, Fla., rates
	(b)	Live Oak, Fla., rates
Live Oak, Fla.	(a)	Combination on Jacksonville, Fla., using special proportional rates beyond Jacksonville
	(b)	Numbered classes I. C. C. two-line scale for 550 miles; Classes A, B, and C, same as to Callahan, Fla.; Class D, fixed figures
Macon, Ga.	(a)	Classes 1, 2, 3, 4, 5, and 6, same as to Atlanta, Ga.; Classes A, B, C, and D, 2 cents higher than rates to Atlanta, Ga.
	(b)	Atlanta, Ga., rates
Madison, Fla.	(a)	Combination on Jacksonville, Fla., using proportional rates from Jacksonville, Fla., adjusted so as to produce rates from Ohio River in line with rates to South Georgia points
	(b)	Numbered classes I. C. C. two-line scale for 550 miles; Classes A, B, and C, same as to Callahan, Fla.; Class D, fixed figures
Madison, Ga.	(a)	Following differentials over rates to Atlanta, Ga.: 11 10 9 7 6 5 5 6 4 4
	(b)	Same as rates from Cincinnati, Ohio
Maplesville, Ala.	(a)	Following differentials higher than rates to Selma, Ala.: 13 11 10 8 7 6 6 7 5 5 except that rate on Class 3 was continued
	(b)	Calera, Ala., rates

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To		Rates in Cents per 100 Pounds									
		Classes									
		1	2	3	4	5	6	A	B	C	D
Milledgeville, Ga.	(a)	134	99	67	53	40	40	36	42	32	29
	(b)	134	99	67	53	40	40	34	40	31	27
Miller, Ga.	(a)	142	105	72	56	70	41	46	47	38	32
	(b)	137	119	106	66	72	57	42	42	32	29
Montgomery, Ala.*	(a)	99	87	79	62	50	42	30	38	27	22
	(b)	99	79	62	46	42	36	24	30	22	19
Monticello, Ga.	(a)	131	124	101	85	70	58	44	49	38	32
	(b)	119	102	90	76	62	52	37	44	32	29
Newnan, Ga.	(a)	119	102	90	75	62	52	37	44	32	29
	(b)	107	92	82	69	56	46	32	36	29	25
Opelika, Ala.*	(a)	109	92	82	69	56	46	34	42	31	27
	(b)	107	92	82	69	56	46	32	29	29	25

*Governed by Southern Classification.

*Rates from Cincinnati, Ohio, and Group are made the following differentials over the rates from Louisville, Ky., viz:

1	2	3	4	5	6	A	B	C	D
10	10	10	8	7	6	4	2	2	2

Rates from other Ohio River Crossings, same as from Louisville.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To	Basis
Milledgeville, Ga.	(a) 107% of Macon rates, except Classes B, C, and D, 2 cents higher than rates to Macon, Ga.
	(b) Same difference over Macon, Ga., rates as rates from Ohio River to Milledgeville, Ga., are higher than to Macon, Ga.
Millen, Ga.	(a) Thomasville, Ga., rates, except Class 1, made I. C. C. two-line scale for 700 miles; Class 2, Savannah combination
	(b) I. C. C. two-line scale for 650 miles, subject to Memphis, Tenn., rates as maxima
Montgomery, Ala.	(a) Rates continued except Class A advanced 2 cents to be on a more consistent basis; Class B advanced 2 cents and Classes C and D, 1 cent to correspond with similar advances to other southeastern points
	(b) Classes 1, A, B, C, and D continued. Other classes Mobile, Ala., combination, using revised rates to Mobile as factors
Monticello, Ga.	(a) Following differentials over Madison, Ga.: 13 12 11 10 8 7 7 5 3 3
	(b) Madison, Ga., rates
Newnan, Ga.	(a) Following differentials over rates to Atlanta, Ga.: 11 10 9 7 6 5 5 6 4 4
	(b) Atlanta, Ga., rates
Opelika, Ala.	(a) Montgomery, Ala., differentials, i. e.: 10 10 10 8 7 6 4 2 2 2 under rates from Cincinnati, Ohio, to Opelika, Ala., which latter are made same as Cincinnati, Ohio, to La Grange, Ga.
	(b) Columbus, Ga., rates

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To		Rates[1] in Cents per 100 Pounds								
		Classes								
		1	2	3	4	5	6	A	B	C
River Junction, Fla.[2]	(a)	125	102	79	74	69	58	44	46	34
(Proper)	(b)	104	86	67	62	57	51	40	42	31
(For beyond[3])	(b)	72	60	57	53	44	35	27	30	23
Savannah, Ga.	(a)	95	80	75	70	58	46	35	38	29
	(b)	91	76	71	66	54	42	31	34	25
Selma, Ala.[2]	(a)	98	87	78	62	50	41	30	36	27
	(b)	89	79	61	48	41	36	24	30	22
Sylacauga, Ala.[2]	(a)	106	85	71	61	56	46	32	38	29
	(b)	106	85	71	61	56	46	32	38	29
Tallahassee, Fla.	(a)	147	127	113	93	78	64	49	52	36
	(b)	116	100	89	74	62	51	42	43	34

[1] Governed by Southern Classification.
[2] Rates from Cincinnati, Ohio, and Group are made the following differentials over the rates from Louisville, Ky., viz:

10	10	10	8	7	6	4	2	2	2

Rates from other Ohio River Crossings, same as from Louisville.
[3] When destined to points in Florida east of the Chattahoochee and Apalachicola rivers.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To	Basis
River Junction, Fla. (Proper)	(a) L. & N. R. R. local basis, subject to lowest combination and Bainbridge, Ga., rates as maxima
	(b) L. & N. R. R. local basis, subject to rates to Mount Pleasant, Fla. (on S.A.L.), and Albany, Ga., as maxima
River Junction, Fla. (For beyond[a])	(b) Jacksonville, Fla. (for beyond), rates
Savannah, Ga.	(a) Rates on all classes continued
	(b) Rates on all classes continued, said rates having been made same as rates from Memphis, Tenn.
Selma, Ala.	(a) Montgomery, Ala., rates
	(b) Classes 1, A, B, C, and D continued; other classes Mobile, Ala., combination, using revised rates to Mobile as factors
Sylacauga, Ala.	(a) Anniston, Ala., rates as maxima and Calera, Ala., rates as minima, except where the old rates were less than to Anniston they were continued
	(b) Same as rates from Louisville, Ky., subject to Anniston, Ala., rates and Mobile, Ala., combination as maxima
Tallahassee, Fla.	(a) Combination on Jacksonville, Fla., using proportional rates from Jacksonville, Fla., adjusted so as to produce rates from Ohio River Crossings in line with rates to South Georgia points
	(b) I. C. C. two-line scale for 450 miles, except Classes B and C, same as to Callahan, Fla.

[a] When destined to points in Florida east of the Chattahoochee and Apalachicola rivers.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To		Rates in Cents per 100 Pounds										
		Classes										
		1	2	3	4	5	6	A	B	C	D	
Tennille, Ga.	(a)	137	129	108	90	74	60	48	47	36	32	
	(b)	102	104	101	85	70	56	42	43	32	29	
Thomasville, Ga.	(a)	145	126	112	92	76	61	48	47	36	32	
	(b)	129	104	92	76	64	52	40	42	31	27	
Tifton, Ga.	(a)	145	126	112	92	76	61	48	47	36	32	
	(b)	102	104	101	85	70	57	42	43	32	29	
Troy, Ala.*	(a)	128	112	99	83	69	55	42	42	34	30	
	(b)	112	99	87	72	60	49	38	41	30	26	
Tuscaloosa, Ala.*	(a)	106	94	79	64	55	42	33	42	32	26	
	(b)	97	92	71	60	49	40	28	38	27	23	
Union Springs, Ala.	(a)	128	112	99	83	69	56	43	46	35	31	
	(b)	107	92	81	66	56	46	32	38	29	25	

* Governed by Southern Classification.

* Rates from Cincinnati, Ohio, and Group are made the following differentials over the rates from Louisville, Ky., viz:

10	10	10	8	7	6	4	3	3	3

Rates from other Ohio River Crossings, same as from Louisville.

TABLE 7—Continued

From (a) Louisville, Ky. (b) New Orleans, La. To	Basis
Tennille, Ga.	(a) I. C. C. two-line scale for 650 miles on Classes 1, 2, 3, 4, 5, and 6; Millen, Ga., rates on Classes A, B, C, and D
	(b) I. C. C. two-line scale for 600 miles, subject to rates from Memphis, Tenn., as maxima
Thomasville, Ga.	(a) Following differentials over rates to Albany, Ga.: 14 12 11 7 6 3 2 1 1 1
	(b) Albany, Ga., rates
Tifton, Ga.	(a) Following differentials over rates to Albany, Ga.: 14 12 11 7 6 3 2 1 1 1
	(b) I. C. C. two-line scale for 600 miles, subject to rates from Memphis, Tenn., as maxima
Troy, Ala.	(a) I. C. C. two-line scale for 500 miles, subject as maxima to rates made by deducting Montgomery, Ala., differentials from the rates from Cincinnati, Ohio, to Thomasville, Ga.
	(b) I. C. C. two-line scale, subject to rates to Memphis, Tenn., and Montgomery, Ala., combination as maxima
Tuscaloosa, Ala.	(a) Classes 1, 2, 3, 4, 5, and 6 continued. Classes A, B, C, and D advanced same extent as rates to Montgomery, Ala., were advanced
	(b) Birmingham, Ala., rates
Union Springs, Ala.	(a) I. C. C. two-line scale for 550 miles, subject to Dalton, Ga., rates as maxima
	(b) Columbus-Eufaula rates, subject to I. C. C. two-line scale for 400 miles as maxima

TABLE 7—Concluded

From (a) Louisville, Ky. (b) New Orleans, La. To		Rates[1] in Cents per 100 Poun								
		Classes								
		1	2	3	4	5	6	A	B	C
Valdosta, Ga.	(a)	145	126	112	92	76	61	46	47	
	(b)	128	112	99	83	69	56	42	43	
Vidalia, Ga.	(a)	144	125	112	92	76	61	46	47	
	(b)	131	114	101	85	70	57	42	43	
Washington, Ga.	(a)	118	102	90	75	62	51	37	44	
	(b)	118	102	90	75	62	51	37	44	
Welborn, Fla.	(a)	147	130	118	106	90	71	53	56	
	(b)	124	110	99	83	69	56	42	43	
Woodstock, Ala.[2]	(a)	108	94	79	64	55	42	33	42	
	(b)	97	82	71	60	49	40	28	36	
York, Ala.[2]	(a)	113	96	80	68	55	46	39	48	
	(b)	89	79	61	48	41	36	24	30	

[1] Governed by Southern Classification.

[2] Rates from Cincinnati, Ohio, and Group are made the following
entials over the rates from Louisville, Ky., viz:
10 10 10 8 7 6 4 2 2 2
Rates from other Ohio River Crossings, same as from Louisvil

TABLE 7—Concluded

From (a) Louisville, Ky. (b) New Orleans, La. To	Basis
Valdosta, Ga.	(a) Following differentials over rates to Albany, Ga.: 14 12 11 7 6 3 2 1 1 1
	(b) I. C. C. two-line scale for 600 miles, subject to rates from Memphis, Tenn., as maxima
Vidalia, Ga.	(a) Douglas, Ga., rates subject to combination as maxima
	(b) I. C. C. two-line scale for 600 miles subject to rates from Memphis, Tenn., as maxima
Washington, Ga.	(a) Madison, Ga., rates, except rates on Classes C and D, continued
	(b) Same as rates from Cincinnati, Ohio
Welborn, Fla.	(a) Combination on Jacksonville, Fla., using proportional rates from Jacksonville, Fla., adjusted so as to produce rates from Ohio River Crossings in line with rates to South Georgia points
	(b) Combination on Jacksonville, Fla.
Woodstock, Ala.	(a) Montgomery, Ala., differentials under rates from Cincinnati, Ohio; Cincinnati rates made on lowest combination, subject to Tuscaloosa, Ala., rates as maxima
	(b) Birmingham, Ala., rates
York, Ala.	(a) Montgomery, Ala., differentials under rates from Cincinnati, Ohio, to Meridian, Miss., subject to Louisville, Ky., to Meridian, Miss., rates as maxima
	Cincinnati, Ohio, rates made same as from Cincinnati, Ohio, to Meridian, Miss.
	(b) Selma, Ala., rates

TABLE 8

Basis for Constructing Rates to Other Southeastern Common Points Made with Relation to Rates Shown in Table 7

From (a) Ohio River Crossings (b) New Orleans, La. To	Basis
Adel, Ga.	(a) Thomasville, Ga., rates, subject to lowest combination as maxima
	(b) Tifton, Ga., rates
Adrian, Ga.	(a) Stillmore, Ga., rates
	(b) Stillmore, Ga., rates
Alabama City, Ala.	(a) Birmingham, Ala., rates
	(b) Chattanooga rates, subject to Mobile, Ala., combination as maxima
Alapaha, Ga.	(a) Following differentials over Albany, Ga.: 14 12 11 7 6 3 2 1 1 1 subject to lowest combination as maxima
	(b) I. C. C. two-line scale for 600 miles with Memphis rates as maxima
Americus, Ga.	(a) Albany, Ga., rates
	(b) I. C. C. two-line scale for 500 miles with Memphis, Tenn., rates as maxima
Apalachee, Ga.	(a) Following differentials over rates to Athens, Ga.: 13 12 11 10 8 7 7 5 3 3
	(b) I. C. C. two-line scale for 600 miles with rates from Cincinnati, Ohio, as maxima
Aragon, Ga.	(a) Atlanta, Ga., rates
	(b) Atlanta, Ga., rates
Ariton, Ala.	(a) Ozark, Ala., rates
	(b) I. C. C. two-line scale for 400 miles, subject to rates from Memphis, Tenn., as maxima
Arlington, Ga.	(a) Thomasville, Ga., rates, except Class B, made 3 cents over Thomasville
	(b) I. C. C. two-line scale for 550 miles with rates from Memphis, Tenn., as maxima

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To	Basis
Ashburn, Ga.	(a) Thomasville, Ga., rates
	(b) Tifton, Ga., rates
Attalla, Ala.	(a) Birmingham, Ala., rates
	(b) Chattanooga, Tenn., rates subject to Mobile, Ala., combination as maxima
Barclays, Ala.	(a) Atlanta, Ga., rates
	(b) Anniston, Ala., rates
Beaufort, S. C.	(a) Charleston, S. C., rates
	(b) Charleston, S. C., rates
Bessemer, Ala.	(a) Birmingham, Ala., rates
	(b) Birmingham, Ala., rates
Bladen, Ga.	(a) Valdosta, Ga., rates subject to lowest combination as maxima
	(b) I. C. C. two-line scale for 650 miles but not higher than combination or higher than rates from Memphis, Tenn.
Boston, Ga.	(a) Thomasville, Ga., rates subject to lowest combination as maxima
	(b) I. C. C. two-line scale for 500 miles, subject to rates from Memphis, Tenn., as maxima
Boyce, Tenn.	(a) Chattanooga, Tenn., rates
	(b) Chattanooga, Tenn., rates
Boyles, Ala.	(a) Birmingham, Ala., rates
	(b) Birmingham, Ala., rates
Bremen, Ga.	(a) Same as to Southern Ry. stations between Birmingham, Ala., and Atlanta, Ga.
	(b) Atlanta, Ga., rates
Bullochville, Ga.	(a) I. C. C. two-line scale for 550 miles, subject to Cordele, Durand, Ga., rates as maxima
	(b) Same as rates from Cincinnati, Ohio
Burroughs, Ga.	(a) Combination on Savannah, Ga.
	(b) Combination on Savannah, Ga.
Camilla, Ga.	(a) Thomasville, Ga., rates
	(b) Albany, Ga., rates

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To		Basis
Cartersville, Ga.	(a)	Atlanta, Ga., rates subject to Chattanooga, Tenn., combination as maxima
	(b)	Atlanta, Ga., rates
Chattahoochee River, Fla.	(a)	Following differentials higher than to River Junction, Fla.: 5 5 5 5 4 4 3 3 3 2
	(b)	Following differentials higher than to River Junction, Fla.: 5 5 5 5 4 4 3 3 3 2
Childersburg, Ala.	(a)	Sylacauga, Ala., rates
	(b)	Sylacauga, Ala., rates
Columbiana, Ala.	(a)	Sylacauga, Ala., rates
	(b)	Childersburg, Sylacauga, Ala., rates subject to Mobile combination as maxima
Cordele, Ga.	(a)	Albany, Ga., rates
	(b)	I. C. C. two-line scale for 500 miles with Memphis, Tenn., rates as maxima
Cordova, Ala.	(a)	Birmingham, Ala., rates
	(b)	Sheffield, Ala., rates
Covington, Ga.	(a)	Following differentials over rates to Atlanta, Ga.: 11 10 9 7 6 5 5 6 4 4
	(b)	Same as rates from Cincinnati, Ohio
Culloden, Ga.	(a)	Fort Valley, Ga., rates
	(b)	Same as from Cincinnati, Ohio, subject to lowest combination as maxima
Cuthbert, Ga.	(a)	Dawson, Americus, Albany, Ga., rates
	(b)	I. C. C. two-line scale for 450 miles, subject to rates from Memphis, Tenn., as maxima
Cuyler, Ga.	(a)	Savannah combination, except Classes A and B, made not higher than to Burroughs, Jesup, etc.
	(b)	Savannah combination, except Classes A and B, made not higher than to Burroughs, Jesup, Ga., etc.

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To		Basis
Dalton, Ga.	(a)	Combination on Chattanooga, Tenn., subject to Atlanta, Ga., rates as maxima
	(b)	Atlanta, Ga., rates
Demopolis, Ala.	(a)	Following differentials over rates to Selma, Ala.: 5 4 4 3 3 2 2 2 1 1
	(b)	Selma, Ala., rates
Double Run, Ga.	(a)	Fitzgerald, Ga., rates
	(b)	Fitzgerald, Ga., rates
Durand, Ga.	(a)	I. C. C. two-line scale for 550 miles, subject to Cordele, Ga., rates as maxima
	(b)	Carrollton, Ga., rates
East Birmingham, Ala.	(a)	Birmingham, Ala., rates
	(b)	Birmingham, Ala., rates
Eastman, Ga.	(a)	McRae, Ga., rates, except rate on Class 1, continued. Rate on Class 1 based on old rate of $1.03 to Macon, Ga., plus 41 cents thence
	(b)	I. C. C. two-line scale for 650 miles, subject to rates from Memphis, Tenn., as maxima
East Point, Ga.	(a)	Atlanta, Ga., rates
	(b)	Atlanta, Ga., rates
Elberton, Ga.	(a)	Athens, Ga., rates
	(b)	Same as from Cincinnati, Ohio
Empire, Ga.	(a)	Classes 1 to A inclusive continued. Classes B, C, and D made not higher than to McRae, Ga. The rates on Classes 1 to A inclusive were made on Macon, Ga., combination, using to Macon the rates in effect prior to January 1, 1916
	(b)	Classes 1, 4, 5, 6, and A continued, the same having been made on Macon, Ga., combination, using rates to Macon in effect prior to January 1, 1916; Classes 2 and 3 made same as I. C. C. two-line scale for 650 miles; Classes B, C, and D made same as from Memphis, Tenn.

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To	Basis
Ft. Davis, Ala.	(a) Hurtsboro, Union Springs, Ala.
	(b) Union Springs, Ala., rates sub I. C. C. two-line scale for 400 as maxima
Gainesville, Ga.	(a) Athens, Ga., rates
	(b) Same rates as from Cincinnati
Gate City, Ala.	(a) Birmingham, Ala., rates
	(b) Birmingham, Ala., rates
Grasselli, Ala.	(a) Birmingham, Ala., rates
	(b) Birmingham, Ala., rates
Grovania, Ga.	(a) Vienna, Ga., rates subject to Ga., combination as maxima
	(b) Tifton, Ga., rates subject to Ga., combination as maxima
Gurnee, Ala.	(a) Woodstock, Blocton, Blocton rates
	(b) L. & N. R. R. local basis for distance, subject to lowest bination as maxima
Haleyville, Ala.	(a) Jasper, Ala., rates
	(b) Florence, Sheffield, Ala., rates
Hargrove, Ala.	(a) Blocton, Ala., rates
	(b) L. & N. R. R. local basis, sub combination as maxima and to Birmingham, Ala., as mini
Harris, Ga.	(a) Durand, Ga., rates
	(b) Carrollton, Ga., rates
Hawkinsville, Ga.	(a) Albany, Ga., rates
	(b) Same as rates from Memphis,
Haylow, Ga.	(a) Live Oak, Fla., rates subject to sonville, Fla., combination as ima
	(b) I. C. C. two-line scale for 550 subject to rates from Me Tenn., as maxima and rates t Oak, Fla., as minima
Helena, Ala.	(a) Birmingham, Ala., rates
	(b) Birmingham, Ala., rates
Helena, Ga.	(a) Fitzgerald, Thomasville, Ga.,
	(b) I. C. C. two-line scale for 550 subject to rates from Me Tenn., as maxima

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To		Basis
Henry Ellen, Ala.	(a)	Sylacauga, Ala., rates subject to rates to Anniston, Ala., as maxima
	(b)	Sylacauga, Ala., rates subject to Birmingham, Ala., combination as maxima
Hillman, Ala.	(a)	Birmingham, Ala., rates
	(b)	Birmingham, Ala., rates
Holt, Ala.	(a)	Tuscaloosa, Ala., rates
	(b)	Birmingham, Ala., rates
Hortense, Ga.	(a)	Following differentials over Albany, subject to combination as maxima, viz.: 14 12 11 7 6 3 2 1 1 1
	(b)	Same as rates from Memphis, Tenn.
Hurtsboro, Ala.	(a)	I. C. C. two-line scale for 550 miles, subject to Americus, Ga., rates as maxima
	(b)	Columbus, Ga., subject to I. C. C. two-line scale for 400 miles as maxima
Irondale, Ala.	(a)	Birmingham, Ala., rates
	(b)	Birmingham, Ala., rates
Jasper, Ala.	(a)	Birmingham, Ala., rates
	(b)	Sheffield, Ala., rates
Jenifer, Ala.	(a)	Anniston, Ala., rates
	(b)	Anniston, Ala., rates
Jesup, Ga.	(a)	Valdosta, Ga., rates subject to lowest combination as maxima
	(b)	Same as rates from Memphis, Tenn., subject to I. C. C. scale for 650 miles, also lowest combination as maxima
Kimbrough, Ga.	(a)	Albany, Ga., rates
	(b)	I. C. C. two-line scale, subject to rates to Albany, Ga., and rates from Memphis, Tenn., as maxima
Lawrenceville, Ga.	(a)	Athens, Ga., rates
	(b)	Same as rates from Cincinnati, Ohio
Leeds, Ala.	(a)	Sylacauga, Ala., rates subject to rates to Anniston, Ala., as maxima
	(b)	Sylacauga, Ala., rates subject to Birmingham, Ala., combination as maxima

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To	Basis
Lindale, Ga.	(a) Rome, Ga., rates
	(b) Rome, Ga., rates
Lockhart, Ala.	(a) L. & N. R. R. local basis, sul Dothan, Ala., rates as maxi Montgomery, Ala., rates as
	(b) L. & N. R. R. local basis for distance
Ludowici, Ga.	(a) Valdosta, Ga., rates subject est combination as maxima
	(b) Same as rates from Memphis,
McRae, Ga.	(a) Fitzgerald, Thomasville, Ga.,
	(b) Helena, Ga., rates
Marietta, Ga.	(a) Atlanta, Ga., rates subject tc tanooga, Ga., combination a ima
	(b) Atlanta, Ga., rates
Meldrim, Ga.	(a) Combination on Savannah, Classes A and B made not than to Burroughs, Jesup, G
	(b) Combination on Savannah, Ga ject to rates from Memphis, as maxima
Midville, Ga.	(a) Millen, Ga., rates
	(b) I. C. C. two-line scale for 650 subject to rates from M Tenn., as maxima
Monroe, Ga.	(a) Social Circle, Ga., rates
	(b) Social Circle, Ga., rates
Montezuma, Ga.	(a) Americus, Ga., rates in acc with I. C. C. Docket 4345
	(b) I. C. C. two-line scale for 500 subject to rates from M Tenn., as maxima in lin I. C. C. Docket 4345
Moultrie, Ga.	(a) Valdosta, Ga., rates subject to combination as maxima
	(b) Tifton, Ga., rates
Munford, Ala.	(a) Anniston, Ala., rates
	(b) Anniston, Ala., rates
North Birmingham, Ala.	(a) Birmingham, Ala., rates
	(b) Birmingham, Ala., rates

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To	Basis
Ocilla, Ga.	(a) Valdosta, Ga., rates subject to lowest combination as maxima
	(b) I. C. C. two-line scale for 550 miles, subject to rates from Memphis, Tenn., as maxima
Offerman, Ga.	(a) Valdosta, Ga., rates subject to lowest combination as maxima
	(b) I. C. C. two-line scale for 600 miles, subject to rates from Memphis, Tenn., and Brunswick, Ga., combination as maxima
Oglethorpe, Ga.	(a) Montezuma, Americus, Ga., rates
	(b) Montezuma, Ga., rates (or I. C. C. two-line scale for 500 miles) with rates from Memphis, Tenn., as maxima
Osierfield, Ga.	(a) Douglas, Ga., rates
	(b) Douglas, Ga., rates
Ozark, Ala.	(a) Same basis as to Dothan, Ala.
	(b) I. C. C. two-line scale for 450 miles, subject to rates from Memphis, Tenn., as maxima
Paschal, Ga.	(a) Montezuma, Ga., rates
	(b) Macon, Ga., rates subject to I. C. C. two-line scale for 450 miles as maxima
Paxton, Fla.	(a) Florala, Lockhart, Ala., rates
	(b) L. & N. R. R. local basis for actual distance
Pelham, Ga.	(a) Valdosta, Ga., rates
	(b) Albany, Ga., rates
Perry, Ga.	(a) Following differentials over rates to Fort Valley, Ga.: 6 4 4 4 4 2 3 3 2 2
	(b) Following differentials over rates to Fort Valley, Ga.: 13 12 11 8 8 6 8 4 2 2
Pell City, Ala.	(a) Anniston, Ala., rates
	(b) Anniston, Ala., rates
Piedmont, Ala.	(a) Anniston, Ala., rates
	(b) Atlanta, Ga., rates

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To		Basis
Pitts, Ga.	(a)	Helena, Ga., rates
	(b)	Hawkinsville, Ga., rates subject to I. C. C. two-line scale for 550 miles as maxima
Port Royal, S. C.	(a)	Charleston, S. C., rates
	(b)	Charleston, S. C., rates
Pratt City, Ala.	(a)	Birmingham, Ala., rates
	(b)	Birmingham, Ala., rates
Quitman, Ga.	(a)	Thomasville, Ga., group rates
	(b)	I. C. C. scale for 500 miles, subject to rates from Memphis, Tenn, as maxima
Register, Ga.	(a)	Stillmore, Ga., rates subject to Savannah, Ga., combination as maxima
	(b)	Stillmore, Ga., rates
Richland, Ga.	(a)	Albany, Ga., rates
	(b)	I. C. C. two-line scale for 450 miles, subject to rates from Memphis, Tenn., as maxima
Roanoke, Ala.	(a)	LaGrange, Ga., rates
	(b)	Same as rates from Louisville, Ky., subject to I. C. C. two-line scale for 500 miles as maxima
Rochelle, Ga.	(a)	Helena, Ga., rates
	(b)	I. C. C. two-line scale for 550 miles, subject to rates from Memphis, Tenn., as maxima
Rockmart, Ga.	(a)	Atlanta, Ga., rates
	(b)	Atlanta, Ga., rates
Rocky Ford, Ga.	(a)	Millen, Ga., rates subject to Savannah, Ga., combination as maxima
	(b)	Millen, Ga., rates subject to Savannah, Ga., combination as maxima
Rome, Ga.	(a)	Atlanta, Ga., rates
	(b)	Atlanta, Ga., rates
Round Mountain, Ala.	(a)	Gadsden, Ala., rates
	(b)	Same as rates from Cincinnati, Ohio
Ruffner, Ala.	(a)	Birmingham, Ala., rates
	(b)	Birmingham, Ala., rates

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To	Basis
Sampson, Ala.	(a) Florala, Lockhart, Ala., rates
	(b) L. & N. R. R. local basis for actual distance
Sandersville, Ga.	(a) I. C. C. two-line scale for 650 miles, subject to Millen, Ga., rates as maxima
	(b) I. C. C. two-line scale for 600 miles, subject to rates from Memphis, Tenn., as maxima
Senoia, Ga.	(a) Griffin, Ga., rates
	(b) Griffin, Ga., rates
Seymour, Ala.	(a) Blocton, Ala., rates
	(b) L. & N. R. R. local basis, subject to combination as maxima and rates to Birmingham, Ala., as minima
Sheffield, Ala.	(a) Same basis as to Florence, Ala.
	(b) Chattanooga, Tenn., rates
Social Circle, Ga.	(a) Madison, Ga., rates
	(b) Same rates as from Cincinnati, Ohio
Sofkee, Ga.	(a) Cordele, Ga., rates subject to Macon, Ga., combination as maxima
	(b) I. C. C. two-line scale for 550 miles, subject to Macon, Ga., combination as maxima
Sparks, Ga.	(a) Valdosta, Ga., rates
	(b) Tifton, Ga., rates
Standing Rock, Ala.	(a) LaGrange, Ga., rates
	(b) Roanoke, Ala., rates
Statesboro, Ga.	(a) Stillmore, Ga., rates subject to Savannah, Ga., combination as maxima
	(b) Same as rates from Memphis, Tenn.
Stillmore, Ga.	(a) Vidalia, Ga., rates
	(b) Millen, Ga., rates
Sylvester, Ga.	(a) Valdosta, Ga., rates subject to lowest combination as maxima
	(b) I. C. C. two-line scale for 550 miles, subject to rates from Memphis, Tenn., as maxima

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To	Basis
Talbotton, Ga.	(a) Montezuma, Ga., rates
	(b) Same as rates from Memphis
Talladega, Ala.	(a) Atlanta, Ga., rates
	(b) Atlanta, Ga., rates subject to Ala., combination as maxim
Thalman, Ga.	(a) Combination on Brunswick, G ject to Everett, Ga., rates ima on Classes A and B
	(b) Same as rates from Memphis, subject to Brunswick, Ga., c tion as maxima
Thomas, Ala.	(a) Birmingham, Ala., rates
	(b) Birmingham, Ala., rates
Thomaston, Ga.	(a) Yatesville, Culloden, Ga., rat
	(b) Barnesville, Ga., rates
Trussville, Ala.	(a) Same as rates from Cincinnat to Birmingham, Ala.
	(b) Anniston, Attalla, Ala., rates
Tuscumbia, Ala.	(a) Same basis as to Florence, S Ala.
	(b) Chattanooga, Tenn., rates
Union City, Ga.	(a) Senoia, Ga., rates
	(b) Atlanta, Ga., rates
Vaughn, Ga.	(a) Griffin, Ga., rates
	(b) Griffin, Ga., rates
Vienna, Ga.	(a) Albany, Ga., rates
	(b) Cordele, Ga., rates in acc with I. C. C. Docket 5026
Wadley, Ga.	(a) I. C. C. two-line scale for 70 subject to Millen, Ga., r maxima
	(b) Millen, Ga., rates
Warm Springs, Ga.	(a) I. C. C. two-line scale for 55 subject to Cordele-Durand rates as maxima
	(b) Same as from Cincinnati, Ohi

TABLE 8—Continued

From (a) Ohio River Crossings (b) New Orleans, La. To		Basis
Waycross, Ga.	(a)	Following differentials over Albany, Ga., 14 12 11 7 6 3 2 1 1 1 subject to lowest combination as maxima
	(b)	I. C. C. two-line scale for 600 miles, subject to rates from Memphis, Tenn., as maxima
Waynesboro, Ga.	(a)	Millen, Ga., rates subject to Augusta, Ga., combination as maxima NOTE: Numbered classes made on Augusta combination; other classes, same as to Millen, Ga.
	(b)	Millen, Ga., rates, except Class 3, made on Augusta, Ga., combination
Ways, Ga.	(a)	Combination on Savannah, Ga., subject to Thomasville, Ga., rates as maxima
	(b)	Same rates as from Memphis, Tenn., subject to Savannah, Ga., combination as maxima
Wellington, Ala.	(a)	Anniston, Ala., Atlanta, Ga., rates
	(b)	Attalla, Ala., rates
Wesley, Ga.	(a)	Stillmore, Ga., rates
	(b)	Stillmore, Ga., rates
West Point, Ga.	(a)	Opelika, Ala., rates
	(b)	Atlanta, Ga., rates
Willacoochee, Ga.	(a)	Tifton, Ga., rates, subject to lowest combination as maxima
	(b)	I. C. C. two-line scale for 600 miles, subject to Memphis, Tenn., rates as maxima
Woodbury, Ga.	(a)	I. C. C. two-line scale for 550 miles, subject to Cordele, Durand, Ga., rates as maxima
	(b)	Same as rates from Cincinnati, Ohio
Woodlawn, Ala.	(a)	Birmingham, Ala., rates
	(b)	Birmingham, Ala., rates
Woodward, Ala.	(a)	Birmingham, Ala., rates
	(b)	Birmingham, Ala., rates

TABLE 8—Concluded

From (a) Ohio River Crossings (b) New Orleans, La. To	Basis
Worth, Ga.	(a) Ashburn, Ga., rates (b) Tifton, Ga., rates
Yatesville, Ga.	(a) Fort Valley, Ga., rates (b) Same as rates from Cincinnati, C subject to lowest combinatio maxima

TABLE 9

BASIS FOR RATES TO SOUTHERN RAILWAY LOCAL STATIONS F (a) LOUISVILLE, KY., AND (b) NEW ORLEANS, LA.

To Stations Between	Basis
STATIONS BETWEEN CHATTANOOGA, TENN., AND ATLANTA, GA.	
Ooltewah and Dalton, not inclusive	(a) Dalton rates, subject to Chatta combination as maxima (b) Chattanooga rates
Dalton and Atlanta, not inclusive	(a) Atlanta rates (b) Chattanooga rates
STATIONS BETWEEN ATLANTA AND BRUNSWICK, GA.	
Atlanta and Macon, not inclusive	(a) Lowest combination, subject to fin, Ga., rates as maxima (b) Same rates as from Cincinnati
Macon and Cochran, not inclusive	(a) Hawkinsville rates, subject to bination as maxima (b) Hawkinsville rates, subject to I two-line scale as maxima, short-line mileage to Atlant actual mileage south of Atla
Cochran and Helena, including Cochran, but not including Helena	(a) Rates in effect prior to Janu 1916, were made by combinat Atlanta, Macon, and Brun These rates were continued, ive January 1, 1916, except higher than to Helena, Ga. were reduced to be not highe to Helena

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TABLE 9—Continued

To Stations Between	Basis
	(b) I. C. C. two-line scale (using short-line mileage to Atlanta, viz: 493 miles, plus actual mileage south of Atlanta), subject to rates from Memphis as maxima
Helena and Brunswick, not inclusive	(a) Rates in effect prior to January 1, 1916 (made as above outlined), continued, except where higher than to Helena, Ga., they were reduced to be not higher than to Helena (b) Same as to first station west of Helena, Ga. (Achord, Ga.), subject to Brunswick combination as maxima
STATIONS ON ATTALLA BRANCH	
Rome and Attalla, not inclusive, and not including Round Mountain, Gadsden, or Alabama City, Ala.	(a) Attalla, Ala., rates (b) Attalla, Ala., rates
STATIONS BETWEEN ROME, GA., AND OXFORD, ALA.	
Rome and Oxford, including Oxford, but not including Piedmont, Rome, Zuni, Jacksonville, or Anniston, Ala.	(a) Anniston, Ala., rates (b) Rome, Ga., rates
STATIONS BETWEEN OXFORD AND SELMA, ALA.	
Oxford and Childersburg, not including Oxford, Jenifer, Munford, Talladega, Barclay, or Childersburg, Ala.	(a) Talladega, Ala., rates (b) Anniston, Ala., rates
Childersburg and Calera, not inclusive, and not including Columbiana, Ala.	(a) Maplesville, Ala., rates, subject to lowest combination as maxima (b) Childersburg, Ala., rates
Calera and Maplesville (not inclusive) and between Maplesville and Selma (not inclusive)	(a) Maplesville, Ala., rates, subject to lowest combination as maxima (b) Calera, Ala., rates
STATIONS BETWEEN ATLANTA, GA., AND BIRMINGHAM, ALA.	
Austell and Anniston, not inclusive, and not including junction points between	(a) Anniston-Atlanta rates (b) Atlanta, Ga., rates

TABLE 9—Continued

To Stations Between	Basis
Anniston and Birmingham, not inclusive, and not including Leeds, Henry Ellen, or points in Birmingham Group	(a) Anniston-Atlanta rates, exc Lovick, Ala., Sylacauga, Ala apply (b) Anniston, Ala., rates, except ick, Ala., Sylacauga, Ala., apply
STATIONS BETWEEN BIRMINGHAM AND WILTON, ALA.	
Birmingham and Wilton, not inclusive, and not including Gurnee Junction	(a) Gurnee Junction, Ala., rates, to lowest combination as ma (b) Gurnee Junction, Ala., rates
STATIONS ON FORT VALLEY BRANCH	
Atlanta and Williamson, not inclusive, and not including Vaughn	(a) Griffin, Ga., rates, subject to combination as maxima (b) Same as rates from Cincinna ject to combination as maxi
Williamson and Topeka Junction, not inclusive	(a) Fort Valley, Ga., rates (b) Topeka Junction, Ga., rates; Topeka Junction same as Thomaston, Ga.
Topeka Junction and Fort Valley, not inclusive, and not including Yatesville or Culloden	(a) Fort Valley, Ga., rates (b) Same as rates from Cincinna ject to lowest combinat maxima
COLUMBUS DIVISION	
BETWEEN McDONOUGH AND COLUMBUS, GA.	
McDonough and Williamson, not inclusive, and not including Griffin	(a) Griffin-Williamson rates (b) Same as rates from Cincinna ject to combination as maxi
Williamson, Ga.	(a) Griffin, Ga., rates, subject to combination as maxima (b) Same as rates from Cincinna ject to lowest combination ima
Williamson and Columbus, not inclusive	(a) Woodbury-Warm Springs, Ga. subject to Columbus combin maxima (b) Same as rates from Cincinna ject to lowest combination ima

TABLE 9—Concluded

To Stations Between	Basis
ATLANTA DIVISION	
Deercourt and Atlanta, not inclusive, and not including Gainesville, Suwanee, or Armour	(a) Athens-Elberton, Ga., rates (b) Same as rates from Cincinnati
Roswell Branch	
Elberton Branch, not including Elberton	
Athens Branch, not including Athens	

TABLE 10

BASIS FOR RATES TO ATLANTA, BIRMINGHAM & ATLANTIC RAILROAD LOCAL STATIONS, FROM (a) LOUISVILLE, KY., AND (b) NEW ORLEANS, LA.

To Stations Between	Basis
Birmingham and Helena	(a) Birmingham, Ala., rates (b) Birmingham, Ala., rates
Pelham, Ala. (proper)	(a) Louisville & Nashville local mileage scale, subject to rates to Calera as maxima and rates to Birmingham as minima (b) Birmingham, Ala., rates
Pelham and Arkwright	(a) Apply Sylacauga or Talladega rates, whichever are lower (b) Arkwright, Ala., rates
Arkwright, Ala. (proper)	(a) Sylacauga rates, subject to Talladega rates as maxima (b) Sylacauga rates, subject to Talladega rates as maxima
Arkwright and Talladega, not inclusive	(a) Talladega, Ala., rates (b) Talladega, Ala., rates
Talladega and Roanoke, not inclusive	(a) Roanoke, Ala., rates (b) Roanoke, Ala., rates
Roanoke and Standing Rock, not inclusive	(a) Standing Rock, Ala., rates (b) Warm Springs, Ga., rates
Standing Rock, Ala., and La Grange, Ga., not inclusive	(a) LaGrange, Ga., rates (b) Warm Springs, Ga., rates
LaGrange and Manchester, not	(a) Warm Springs, Ga., rates

TABLE 10—Concluded

To Stations Between	Basis
inclusive and not including Durand, Warm Springs, or Bullochville	(b) Warm Springs, Ga., rates
Manchester, Ga. (proper)	(a) Warm Springs, Ga., rates (b) Warm Springs, Ga., rates
Manchester and Junction City-Paschal, not inclusive, and not including Talbotton	(a) Paschal-Junction City, Ga., rates (b) Talbotton, Ga., rates
Paschal-Junction City and Oglethorpe, not inclusive	(a) Montezuma-Oglethorpe, Ga., rates (b) Talbotton, Ga., rates
Oglethorpe and Cordele, not inclusive, and not including Montezuma or Vienna	(a) Cordele, Ga., rates (b) Talbotton, Ga., rates
Cordele and Fitzgerald, not inclusive, and not including Double Run or Abba	(a) Fitzgerald, Ga., rates (b) Fitzgerald, Ga., rates
Fitzgerald and Douglas, not inclusive, and not including Osierfield	(a) Douglas, Ga., rates (b) Douglas, Ga., rates
Douglas and Brunswick, not inclusive, and not including Hortense or Thalmann	(a) Combination, subject to Douglas, Ga rates as maxima (b) Combination, subject to Douglas, Ga rates as maxima
Atlanta and Senoia, not inclusive	(a) Senoia, Ga., rates (b) Senoia, Ga., rates
Senoia and Manchester, not inclusive, and not including Woodbury	(a) Woodbury, Ga., rates (b) Woodbury, Ga., rates

TABLE 11

BASIS FOR RATES TO CENTRAL OF GEORGIA RAILWAY LOCA STATIONS FROM (a) LOUISVILLE, KY., AND (b) NEW ORLEANS, LA.

To Stations Between	Basis
CHATTANOOGA DIVISION	
To Rossville (proper) Ga.	(a) Combination on Chattanooga, Ten (b) Combination on Chattanooga, Tenn subject to Griffin, Ga., rates maxima

TABLE 11—Continued

To Stations Between	Basis
Rossville and Rome, not inclusive	(a) Rome, Ga., rates, subject to combination on Chattanooga, Tenn., as maxima
	(b) Griffin, Ga., rates
Rome and Cedartown, not inclusive, and not including Lindale and Silver Creek	(a) Cedartown, Ga., rates
	(b) Carrollton, Ga., rates
Cedartown and Bremen, not inclusive	(a) Bremen, Ga., rates
	(b) Carrollton, Ga., rates
Bremen and Carrollton, not inclusive	(a) Carrollton, Ga., rates
	(b) Carrollton, Ga., rates
Carrollton and Newnan, not inclusive	(a) Newnan, Ga., rates
	(b) Carrollton, Ga., rates
Newnan and Senoia, not inclusive	(a) Senoia, Ga., rates
	(b) Between Newnan and Raymond, including Raymond, Carrollton, Ga., rates; other points, Griffin, Ga., rates
Senoia and Vaughn, not inclusive	(a) Vaughn, Ga., rates
	(b) Griffin, Ga., rates
Vaughn and Griffin, not inclusive	(a) Griffin, Ga., rates
	(b) Griffin, Ga., rates
MACON DIVISION	
Atlanta and Hapeville	(a) Atlanta, Ga., rates
	(b) Atlanta, Ga., rates
Hapeville and Griffin, not inclusive	(a) Griffin, Ga., rates
	(b) Griffin, Ga., rates
Griffin and Macon, not inclusive	(a) I. C. C. two-line scale for 550 miles, subject to rates to Fort Valley, Ga.; also Macon, Ga., combination as maxima
	(b) Same as rates from Cincinnati, Ohio, subject to Macon, Ga., combination as maxima
Macon and Gordon, including Gordon	(a) I. C. C. two-line scale for 600 miles, subject to rates to Tennille, Ga.; also Macon, Ga., combination as maxima
	(b) Milledgeville, Ga., rates
Gordon and Tennille, not inclusive	(a) Tennille, Ga., rates, subject to Macon, Ga., combination as maxima
	(b) Tennille, Ga., rates, subject to Gordon, Ga., combination as maxima

TABLE 11—Continued

To Stations Between	Basis
Tennille and Davisboro, not inclusive	(a) Tennille, Ga., rates (b) Tennille, Ga., rates
Davisboro and Millen, not inclusive, and not including Wadley or Midville, Ga.	(a) Millen, Ga., rates (b) Millen, Ga., rates
Millen and Savannah, not inclusive, and not including Rocky Ford and Meldrim	(a) Millen, Ga., rates, subject to Savannah, Ga., combination as maxima (b) Millen, Ga., rates, subject to Savannah, Ga., combination as maxima
BETWEEN BIRMINGHAM, ALA., AND COLUMBUS, GA.	
McCombs (proper), Ala.	(a) Henry Ellen, Ala., rates (b) Henry Ellen, Ala., rates
Leeds and Sylacauga, not inclusive, and not including Arkwright or Childersburg	(a) Sylacauga, Ala., rates (b) Sylacauga, Ala., rates
Sylacauga and Opelika, not inclusive	(a) Opelika, Ala., rates (b) Same as rates from Louisville, Ky., subject to I. C. C. two-line scale for 500 miles as maxima
Opelika and Phenix City, not inclusive	(a) Montgomery territory differentials under rates to Fort Valley, Ga. (b) Alexander City, Ala., rates. (For basis to Alexander City see stations between Sylacauga and Opelika)
Phenix City (proper), Ala.	(a) Columbus, Ga., rates (b) Columbus, Ga., rates
SOUTHWESTERN DIVISION	
Columbus and Fort Valley, not inclusive, and not including Paschal or Junction City	(a) Fort Valley, Ga., rates (b) Macon, Ga., rates
COLUMBUS DIVISION	
Columbus and Americus, not inclusive	(a) Americus, Ga., rates (b) Americus, Ga., rates
SOUTHWESTERN DIVISION	
BETWEEN MONTGOMERY AND SMITHVILLE	
Montgomery and Union Springs, not inclusive	(a) Union Springs, Ala., rates, subject to Montgomery combination as maxima (b) Union Springs, Ala., rates, subject to Montgomery combination as maxima

TABLE 11—Continued

To Stations Between	Basis
Union Springs and Eufaula, not inclusive	(a) Union Springs, Ala., rates, subject to Eufaula combination as maxima (b) Eufaula, Ala., rates, subject to Montgomery combination as maxima
Eufaula and Cuthbert, not inclusive	(a) Cuthbert, Ga., rates (b) Cuthbert, Ga., rates
Cuthbert and Smithville, not inclusive, and not including Dawson	(a) Dawson, Ga., rates (b) Dawson, Ga., rates
COLUMBUS DIVISION	
BETWEEN RAYMOND AND COLUMBUS	
Raymond and Columbus, not inclusive, and not including Durand	(a) Durand, Ga., rates (b) Durand, Ga., rates
COLUMBUS DIVISION	
BETWEEN COLUMBUS AND ANDALUSIA	
Girard (proper), Ala.	(a) Columbus, Ga., rates (b) Columbus, Ga., rates
Girard and Hurtsboro, not inclusive	(a) Hurtsboro, Ala., rates, subject to Columbus combination as maxima (b) Columbus, Ga., rates, subject to Montgomery combination as maxima
Hurtsboro and Union Springs, not inclusive	(a) Hurtsboro, Ala., rates (b) Columbus, Ga., rates, subject to Montgomery combination as maxima
Union Springs and Troy, not inclusive	(a) Union Springs, Ala., rates (b) Troy, Ala., rates
Alred (proper), Ala.	(a) Following differentials over Union Springs, Ala.: 3 2 2 2 1 1 1 1 1 1 (b) Following differentials over Troy, Ala.: 4 2 2 2 2 2 2 2 2 2
Alred and Andalusia, not inclusive	(a) Alred, Ala., rates, subject to Andalusia combination as maxima (b) Alred, Ala., rates, subject to Andalusia combination as maxima
SOUTHWESTERN DIVISION	
BETWEEN MACON AND SMITHVILLE	
Macon and Fort Valley, not inclusive	(a) Fort Valley, Ga., rates (b) Macon, Ga., rates

TABLE 11—Concluded

To Stations Between	Basis
Fort Valley and Montezuma, not inclusive	(a) Montezuma, Ga., rates (b) Montezuma, Ga., rates
Montezuma and Americus, not inclusive, and not including Oglethorpe	(a) Americus, Ga., rates (b) Montezuma, Ga., rates
Americus and Smithville, not including Americus	(a) Dawson, Ga., rates (b) Americus, Ga., rates
SOUTHWESTERN DIVISION	
BETWEEN SMITHVILLE AND LOCKHART	
Smithville and Albany, not inclusive	(a) Albany, Ga., rates (b) Albany, Ga., rates
Albany and Arlington, not inclusive	(a) Arlington, Ga., rates (b) Arlington, Ga., rates
Arlington and Dothan, not inclusive, and not including Columbia	(a) Arlington, Ga., rates (b) Columbia, Ala., rates
Barrett (proper), Ala.	(a) Following differentials over Dothan, Ala.: 14 12 11 8 7 6 6 7 5 5 (b) Following differentials over Dothan, Ala.: 14 12 9 8 7 6 6 7 5 5
Barrett and Sampson, not inclusive	(a) Barrett, Ala., rates, subject to son combination as maxima (b) Barrett, Ala., rates, subject to son combination as maxima
Sampson and Lockhart, not inclusive, and not including Florala	(a) Barrett, Ala., rates, subject t bination on Sampson and Fl maxima, and Sampson ra minima (b) Barrett, Ala., rates, subject t bination on Sampson and Fl maxima, and Sampson ra minima

TABLE 12

BASIS FOR RATES TO SEABOARD AIR LINE LOCAL STATIONS BETWEEN MONTGOMERY, ALA., AND SAVANNAH, GA., FROM (a) LOUISVILLE, KY., AND (b) NEW ORLEANS, LA.

To Stations Between	Basis
Montgomery and Ft. Davis, not inclusive	(a) I. C. C. two-line scale, not to exceed rates to Hurtsboro, Ala., and not to exceed Montgomery combination (b) I. C. C. two-line scale, not to exceed Montgomery combination, not to exceed rates to Ft. Davis, Ala., and not to exceed rates from Memphis, Tenn.
Ft. Davis and Hurtsboro, not inclusive	(a) I. C. C. two-line scale, not to exceed rates to Hurtsboro, Ala., and not to exceed Montgomery combination (b) I. C. C. two-line scale, not to exceed rates to Hurtsboro, Ala., and not to exceed rates from Memphis, Tenn.
Hurtsboro and the Chattahoochee River	(a) Same as to Hurtsboro, Ala. (b) I. C. C. two-line scale, not to exceed rates to Albany, Ga., and not to exceed rates from Memphis, Tenn.
Chattahoochee River and Richland, Ga., not inclusive	(a) Same as to Albany, Ga. (b) I. C. C. two-line scale, not to exceed rates to Albany, Ga., nor to exceed rates from Memphis, Tenn.
Richland and Cordele, Ga., not inclusive	(a) Same as to Cordele, Ga. (b) I. C. C. two-line scale, not to exceed rates to Cordele, Ga., and not to exceed rates from Memphis, Tenn.
Cordele and Pitts, Ga., not inclusive	(a) Same as to Helena, Ga. (b) I. C. C. two-line scale, not to exceed rates to Pitts, Ga., and not to exceed rates from Memphis, Tenn.
Pitts and Helena, Ga., not inclusive	(a) Same as to Helena, Ga. (b) I. C. C. two-line scale, not to exceed rates to Helena, Ga., and not to exceed rates from Memphis, Tenn.
East McRae, Ga. (proper)	(a) Same as to Helena, Ga. (b) Same as to McRae, Ga.

TABLE 12—Concluded

To Stations Between	Basis
East McRae and Vidalia, Ga., not inclusive	(a) Same as to Helena, Ga., bu exceed port combination (b) I. C. C. two-line scale, not t rates to Vidalia, Ga., and exceed rates from Memphis
Vidalia and Savannah, Ga., not inclusive	(a) Five per cent higher than Helena, Ga., but not to ex vannah combination, except A and B made same as roughs, Ga. (b) I. C. C. two-line scale, not t rates to Helena, Ga., plus 5 p not to exceed Savannah tion; and not to exceed ra Memphis, Tenn.

CHAPTER IV

RATES FROM THE WEST TO SOUTHEASTERN TERRITORY—Continued

1. Commodity Rates

The adjustments on commodity rates follow in principle very largely the adjustments on class rates. For example, if a commodity rate were published from Louisville to a point in Atlanta sub-territory, the same rate would be available from other Ohio River Crossings. If, however, a commodity rate were established from Louisville to a point in Montgomery sub-territory and it was decided to establish a rate to the same point on the same commodity from Cincinnati, the Montgomery class differential over Louisville might not be employed for the reason that the measure of the commodity rate being low the application of the class differential might result in a rate from Cincinnati out of proportion to the rate from Louisville. In such cases a lower specific differential would be fixed which would be more in harmony with the measure of the rate from Louisville. The same principles have been observed at destination points where the class rates are the same to one point as to another or where class differentials are employed one point over or under another. Owing to these conditions, the revised adjustments on commodity rates differ greatly according to circumstances, and it will not be practicable, in this publication, to explain all these adjustments in detail.

In the following table the rates on several im
commodities to a number of Southeastern desti
are shown for the purpose of illustrating the dif
in the rates from the points of origin named to di
destinations, and also for comparison with the
from Baltimore, Md., on the same commodities
same destinations. (See page 49 for rates from
more.) It will be noted that the rates show
Louisville, Ky., to Atlanta, Ga., on the majority
commodities are the same as the water and rai
from Baltimore to Atlanta.

TABLE 13

COMMODITY RATES TO SOUTHEASTERN DESTINATIONS

To	From	Rates in Cents per 100 Pounds — Commodity Groups: A C.L.	A L.C.L.	B C.L.	B L.C.L.	C	D C.L.	D L.C.L.	E	F	G
Albany, Ga.	Louisville, Ky.	34	43	54	78	54	36	50	23	44	61
	Nashville, Tenn.	26	35	43	61	43	28	39	..	36	50
	New Orleans, La.	30	39	50	74	50	32	46	23	40	57
Americus, Ga.	Louisville, Ky.	34	43	54	78	54	36	50	23	44	61
	Nashville, Tenn.	26	35	43	61	43	28	39	..	36	50
	New Orleans, La.	30	39	50	74	50	32	46	23	40	57
Anniston, Ala.	Louisville, Ky.	29	38	43	62	43	32	44	19	34	50
	Nashville, Tenn.	21	30	32	45	32	24	33	..	26	39
	New Orleans, La.	29	38	39	62	39	32	44	19	34	50
Atlanta, Ga.	Louisville, Ky.	29	38	43	62	43	32	44	19	34	50
	Nashville, Tenn.	21	30	32	45	32	24	33	..	26	39
	New Orleans, La.	29	38	39	62	39	32	44	19	34	50
Augusta, Ga.	Louisville, Ky.	29	38	43	62	43	32	44	20	34	50
	Nashville, Tenn.	21	30	32	45	32	24	33	..	26	39
	New Orleans, La.	29	38	43	62	43	32	44	20	34	50
Birmingham, Ala.	Louisville, Ky.	25	34	38	55	38	28	38	17	30	43
	Nashville, Tenn.	17	26	28	42	28	20	28	..	22	32
	New Orleans, La.	25	34	38	55	38	26	36	17	30	43
Chattanooga, Tenn.	Louisville, Ky.	23	30	32	46	32	25	35	15	25	38
	Nashville, Tenn.	16	23	22	31	22	17	24	..	20	28
	New Orleans, La.	29	38	39	62	39	32	44	19	34	50
Columbus, Ga.	Louisville, Ky.	29	38	43	62	43	32	44	19	34	50
	Nashville, Tenn.	21	30	32	45	32	24	33	..	26	39
	New Orleans, La.	29	38	39	62	39	32	44	19	34	50

TABLE 13—Concluded

Commodity Rates to Southeastern Destinations

To	From	Rates in Cents per 100 Pounds									
		Commodity Groups									
		A		B		C	D		E	F	G
		C.L.	L.C.L.	C.L.	L.C.L.		C.L.	L.C.L.			
Macon, Ga.	Louisville, Ky.	29	38	43	62	43	32	44	19	34	50
	Nashville, Tenn.	21	30	32	45	32	24	33	..	26	39
	New Orleans, La.	29	38	39	62	39	32	44	19	34	50
Montgomery, Ala.	Louisville, Ky.	28	37	38	55	38	30	39	17	30	44
	Nashville, Tenn.	20	29	28	42	28	22	29	..	22	33
	New Orleans, La.	24	33	34	51	34	26	34	17	26	40
Opelika, Ala.	Louisville, Ky.	29	38	43	62	43	32	44	19	34	50
	Nashville, Tenn.	21	30	33	49	33	24	34	..	26	39
	New Orleans, La.	29	38	39	62	39	32	44	19	34	50
Rome, Ga.	Louisville, Ky.	29	38	43	62	43	32	44	19	34	50
	Nashville, Tenn.	21	30	32	45	32	24	33	..	26	39
	New Orleans, La.	29	38	43	62	43	32	44	19	34	50
Selma, Ala.	Louisville, Ky.	28	37	38	55	38	30	39	17	30	44
	Nashville, Tenn.	20	29	28	42	28	22	29	..	22	33
	New Orleans, La.	24	33	34	51	34	26	34	17	26	40
Tuscaloosa, Ala.	Louisville, Ky.	33	..	39	56	39	33	44	18	35	46
	Nashville, Tenn.	25	..	29	43	29	25	34	..	27	35
	New Orleans, La.	25	34	38	55	38	26	36	17	30	43

EXPLANATION OF COMMODITY GROUPS

2. Maximum Rate Points

The apex of the new rate structure from Ohio River Crossings, Memphis, New Orleans, etc., on direct lines to the South Atlantic Ports is reached at the following points:

1. Intermediate to Brunswick, Ga.
   (a) On Southern Railway:
   From Ohio River Crossings, etc.: Godwinsville, Ga. (first station south of Eastman, 125 miles from Brunswick), to which the rates are:

Classes	1	2	3	4	5	6	A	B	C	D
Rates	145	126	112	92	76	61	46	47	36	32

   From New Orleans: Achord, Ga. (first station north of Helena, 115 miles from Brunswick), to which the rates are:

Classes	1	2	3	4	5	6	A	B	C	D
Rates	141	122	108	88	72	57	42	43	32	28

   (b) On Atlantic Coast Line Railroad:
   From Ohio River Crossings, etc.: Johnson's Siding, Ga. (first station south of Albany, Ga., 164 miles from Brunswick), to which the rates are:

Classes	1	2	3	4	5	6	A	B	C	D
Rates	145	126	112	92	76	61	46	47	36	32

   From New Orleans: Ty Ty, Ga. (137 miles from Brunswick), to which the rates are:

Classes	1	2	3	4	5	6	A	B	C	D
Rates	131	114	101	85	70	57	42	43	32	28

   (c) On Atlanta, Birmingham & Atlantic Railroad:
   From Ohio River Crossings, etc.: Musselwhite, Ga. (first station south of Cordele, Ga., 84 miles from Brunswick), to which the rates are:

Classes	1	2	3	4	5	6	A	B	C	D
Rates	145	126	112	92	76	61	46	47	36	32

This is also the maximum scale published to st on branch lines of the Atlanta, Birmingh Atlantic Railroad.

From New Orleans there are two maximum points, i. e., Musselwhite (above referred to) Cedric, Ala. (between Roanoke and Standing Ala., 205 miles from Brunswick). The ra these points are:

Classes	1	2	3	4	5	6	A	B
Rates to Musselwhite	128	112	99	83	69	56	42	43
Rates to Cedric	128	112	99	83	69	56	43	46

2. Intermediate to Savannah, Ga.:

(a) On Central of Georgia Railway:

From Ohio River Crossings, etc.: Millen, Ga miles north of Savannah), to which the rates a

Classes	1	2	3	4	5	6	A	B
Rates	142	125	112	92	76	61	46	47

From New Orleans: Almira, Ga. (116 miles of Savannah), to which the rates are:

Classes	1	2	3	4	5	6	A	B
Rates	137	118	106	88	72	57	42	43

(b) On Seaboard Air Line Railway:

From Ohio River Crossings, etc.: Nesbit, Ga. station south of Cordele, 165 miles from Savan tc which the rates are:

Classes	1	2	3	4	5	6	A	B
Rates	145	126	112	92	76	61	46	47

From New Orleans: Collins, Ga. (61 miles no Savannah), to which the rates are:

Classes	1	2	3	4	5	6	A	B
Rates	131	114	101	85	70	56	42	43

While the foregoing names the point at which the highest level of rates is first reached on direct lines from the west, it should be stated that the recognized "maximum rate points" are:

To Brunswick:
Via Southern Railway, Hazelhurst, Ga.
Via A. B. & A. Railroad, Douglas, Ga.
Via A. C. L. Railroad, Willacoochee, Ga.
To Savannah:
Via C. of Ga. Railway, Millen and Stillmore, Ga.
Via S. A. L. Railway, Vidalia, Ga.

CHAPTER V

ADJUSTMENT FROM CENTRAL FREIGHT ASSOCIATION AND WESTERN TERRITORIES

1. Rail-and-Water Rates from Ohio River Crossings, St. Louis and Group, and Points in Central Freight Association Territory to South Atlantic Ports

The rail and water rates from Central Freight Association Territory (except from Cincinnati, Louisville, St. Louis, and East St. Louis), Table 29, page 133, of the treatise, were revised recently so as to include:

(a) Advance in the rail proportions to Eastern Seaboard points under the 5 per cent advance case of lines in Official Classification Territory.

(b) Advance of 9, 6, 2, 0, 3, and 2 respectively in the steamer rates from Eastern Seaboard points, effective January 1, 1916. No change was made in the rail-and-water rates from Cincinnati, Louisville, St. Louis, and East St. Louis, as no change was made in the all-rail rates from those points.

The following uninsured rates are now in effect to Brunswick, Charleston, Jacksonville, and Savannah from some of the points shown in Table 29 of the treatise:

From	1	2	3	4	5	6	A	B
Cincinnati, Ohio[1].....	87	74	70	66	55	44	33	36
East St. Louis, Ill.[1]..	110	93	97	78	65	52	40	44
Jeffersonville, Ind.[1] / Louisville, Ky.[1] }.	87	74	70	66	55	44	33	36
St. Louis, Mo.[1].....	110	93	87	78	65	52	40	44

[1] Governed by Southern Classification.

From	1	2	3	4	5	6
Benton Harbor, Mich.[2]	121.6	103.6	79.4	57.3	48.2	39.2
Cairo, Ill.[2]	140.6	120	92	66.2	55.8	45.6
Chicago, Ill.[2]	124.8	106.3	81.5	58.8	49.5	40.3
Cleveland, Ohio[2]	101.9	86.5	66.3	48.1	40.4	32.7
Elkhart, Ind.[2]	121.6	103.6	79.4	57.3	48.2	39.2
Evansville, Ind.[2]	128.7	109.7	84.1	60.6	51.1	41.6
Indianapolis, Ind.[2]	119.3	101.5	77.8	56.2	47.3	38.5
Jackson, Mich.[2]	118.5	100.8	77.3	55.9	47	38.2
Peoria, Ill.[2]	132.7	113.1	86.8	62.5	52.7	42.9

2. All-Rail Rates from Central Freight Association Territory to the Southeast

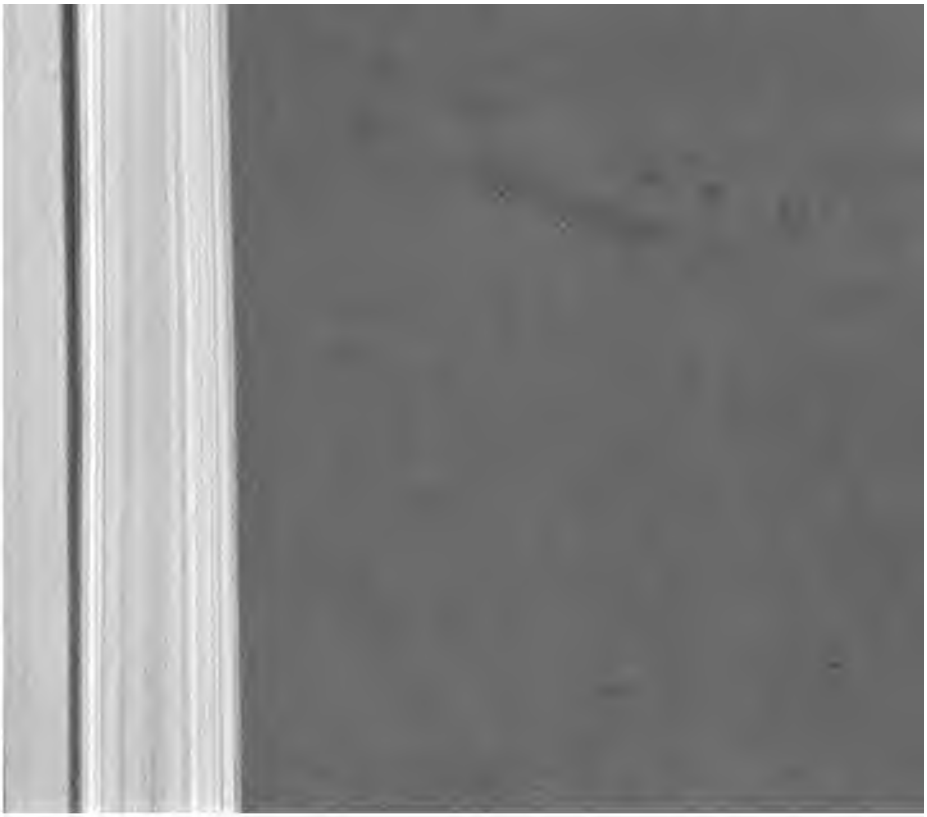
The basis of constructing all-rail rates from that portion of Central Freight Association Territory lying east of Chicago, Milwaukee, Indianapolis, and points grouped therewith, and points west of the Buffalo-Pittsburgh Zone was not changed as a result of Fourth Section Order No. 3866, but changes will have to be made as a result of a later order of the Commission under Order No. 5217. Said order denies the application of various carriers and agents, "to continue through rates for the transportation of freight traffic from Buffalo-Pittsburgh Territory and points in Central Freight Association Territory to points south of the Ohio River and east of the Mississippi River, via Ohio River Crossings, which exceed the aggregates of the intermediate rates subject to the provisions of the act."

Hitherto, as explained on pages 206 and 207 of the treatise, combination on Ohio River Crossings and Virginia Gateways only was used in constructing through rates. Under the above-named order the carriers will be required to observe any combination which will have the effect of reducing through rates to the lowest unit.

[2] Governed by Official Classification.

3. Proportional Class Rates from Chicago, Ill., Davenport, Ia., Indianapolis, Ind., Milwaukee, Wis., Peoria, Ill., and Associated Points to Ohio River Crossings

No change having been made in the proportional rates to the Ohio River effective January 1, 1916 (see Table 49 of the treatise), the through rates from Chicago, Davenport, Indianapolis, Milwaukee, Peoria, and associated points are subjected only to the changes made south of the Ohio River.



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